

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

Munroe HMA Hospital, LLC
d/b/a Munroe Regional Medical Center/CON #10519
1500 SW 1st Avenue
Ocala, Florida 34771

Authorized Representative: James F. O'Loughlin
Chief Executive Officer
(352) 351-7000

2. Service District/Subdistrict

District 3/Subdistrict 3-4 (Marion County)

B. PUBLIC HEARING

Public hearing requests were not held or requested for the proposed project.

Letters of Support

Letters of support included with the application are from EMS responders, physicians, referral sources, business leaders, elected officials, prior patients, community and business leaders, clinically integrated physician networks, skilled nursing facilities (SNFs), academic organizations, state and local officials and area residents. A survey disseminated amongst Marion County First Responders is included in Supporting Documents with the application, which is dated August 1, 2016.

Letters of support for the proposal endorse the project in light of the need to reduce EMS transport times, a reduction in the volume of interfacility patient transports, an enhancement of the geographic access to a hospital for the rural/surrounding counties (Citrus, Levy), an increase in demand for hospital access due to the traffic and geographic challenges that exist and new residential developments that would support the

establishment of the an acute care hospital. Other themes discussed in the letters include the issues with travel times from western Marion County to subdistrict hospitals, the lack of available beds within the subdistrict, challenges for elderly accessing the existing hospitals and the need for the proposed TimberRidge Hospital to enhance access.

Letters of support are noted from the following individuals:

- Jay Boardman, President, Professional Firefighters of Marion County
- James Banta, Fire Chief, Marion County Fire Rescue
- Jennifer Mikula, NHA, Executive Director, Palm Garden Health and Rehabilitation of Ocala
- James D. Henningsen, President, College of Central Florida
- Rusty Branson, Senior Vice President and Area Executive, CenterState
- Mounir Bouyones, P.E., County Administrator, Marion County Board of County Commissioners
- Ken Whitehead, Assistant City Manager, City of Ocala
- Kathy Bryant, Chairman, Marion County Board of County Commissioners
- Rich Bianculli, Chairman, Marion County Hospital District
- Charlie Stone, Florida House of Representatives, District 22

C. PROJECT SUMMARY

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10519) also referenced as MRMC, Munroe HMA or the applicant, is an existing provider in District 3, Subdistrict 4, Marion County, proposing to establish a Class I general acute care hospital consisting of 66 beds in Subdistrict 3-4 (Marion County). Community Health Systems, Inc. (CHS) is the parent-company of Munroe HMA Hospital, LLC which currently operates Munroe Regional Medical Center in Subdistrict 3-4 Marion County. The existing campus consists of 425 acute care beds: 413 acute care beds and 12 Level II neonatal intensive care (NICU) beds. Munroe Regional Medical Center is also a primary stroke center and provider of Level 2 adult cardiovascular services (nonregulated CON services). The proposal is stated to involve the transfer of 63 beds from the existing campus and an addition of three acute care beds. The applicant states that the transfer of beds will enhance the quality of care for patients and address the desire for private rooms at the existing campus. The 63 beds will be transferred from the remaining semi-private rooms at MRMC and result in the facility having 100.0 percent private rooms. The new hospital is the site of a freestanding emergency department operated by the applicant, Emergency Center at TimberRidge. MRMC states that the hospital will serve the adult non-tertiary needs of the service area's population.

The applicant conditions approval of the proposal to the following Schedule C conditions:

- TimberRidge Hospital will be located at 9521 SW State Road 200 Ocala, Florida 34481. This will be measured by submission of the hospital's building permit and subsequent issuance of the TimberRidge Hospital license by AHCA.
- MRMC will transfer 63 acute care beds to TimberRidge Hospital which will comprise 63 of its 66 initially licensed acute care beds. MRMC will not seek to relicense new acute care beds at MRMC for a minimum of five years post transfer or until occupancy exceeds 80 percent on a trailing 12-month basis. The transfer will be demonstrated by submission of applicable licensure applications at the appropriate time.
- TimberRidge will provide a minimum 13 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis. This will be measured annually by TimberRidge Hospital's submission of an annual patient day report to AHCA
- Extend the nursing training and education programs that are conducted in conjunction with Rasmussen College and College of Central Florida at Munroe Regional Medical Center to TimberRidge Hospital
- Annually sponsor On Top of the World Health Fair
- Annually participate in the Oak Run Health Fair

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.

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 best meets the review criteria.

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

As part of the fact-finding, the consultant, Bianca Eugene, analyzed the application in its entirety.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

The reviewer presents the following analysis and review of CON application #10519 with reference to the identified statutory criteria of Section 408.035, Florida Statutes.

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.**

CON Action Number: 10519

The bed need methodology for acute care beds pursuant to Rule 59C-1.038, Florida Administrative Code was repealed effective April 21, 2005.

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, and, as such, the following table illustrates bed utilization levels in District 3, Subdistrict 3-4, and the state for the 12-month period ending July 31, 2017.

Acute Care Hospital Utilization District 3/Subdistrict 3-4/Statewide 12-Month Period Ending June 30, 2017				
Hospital/ Area	Beds	Bed Days	Patient Days	Utilization
Munroe HMA	421	153,665	80,273	52.24%
Ocala Regional Medical Center	222	79,878	69,192	86.62%
West Marion Community Hospital	94	34,310	31,578	92.04%
Subdistrict 3-4 Total	737	267,853	181,043	67.59%
District 3 Total	4,205	1,533,805	1,008,039	65.72%
Statewide	51,833	18,795,983	10,868,728	57.82%

Source: Florida Hospital Bed and Service Utilization by District, published January 2016 – January 2018

For the 12-month period ending on June 30, 2017 District 3, Subdistrict 3-4 had 737 licensed acute care beds and a utilization rate of 67.59 percent. The subdistrict (3-4) utilization rate was higher than the total utilization rate for District 3, 65.72 percent and the statewide utilization rate, 57.82 percent. Munroe HMA’s utilization rate was lower than the subdistrict, district and statewide utilization rates.

Acute care utilization in Subdistrict 3-4 is depicted for the three-year period ending June 30, 2017 in the chart below.

District 3, Subdistrict 3-4 Acute Care Hospital Utilization: Three-years Ending June 30, 2017			
	JUL 2014 - JUN 2015	JUL 2015 - JUN 2016	JUL 2016 - JUN 2017
Number of Acute Care Beds	691	713	737
Percentage Occupancy	70.94%	72.04%	67.59%

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

Note: Bed counts are as of June 30 for the appropriate years

A 3.35 percent decrease in acute care bed utilization occurred between the 12-month period ending on June 30, 2014, and the 12-month period ending on June 30, 2017. The acute care bed count increased while acute care patient days decreased by 1.17 percent within this three-year period.

CON Action Number: 10519

CON application #10449 was preliminarily approved for Munroe HMA Hospital, LLC, to establish a 66-bed acute care hospital in Subdistrict 3-4 Marion County on December 2, 2016. Administrative Law Judge Bruce McKibben overturned the Agency’s preliminary approval in his recommended order for DOAH case 17-0554 CON on November 15, 2017, and the Agency adopted the recommended order as a final order on February 21, 2018 thereby denying the proposed 66-bed acute care hospital.

There are currently 78 acute care beds approved in Marion County, issued through notification #NF170041 (34 acute care beds) issued to Ocala Regional Medical Center and notification #NF160005 (44 acute care beds) issued to West Marion Community Hospital.

The following is a chart depicting District 3 population estimates for July 2017 and January 2024.

District 3 Total Population Estimates and Percent Changes by County: July 2017 to January 2024						
County	Total Pop. JUL '17	Total Pop. JAN '24	Percent Change	Age 65+ JUL '17	Age 65+ JAN '24	Age 65+ Percent Change
Alachua	258,492	275,153	6.45%	36,394	46,902	28.87%
Bradford	27,809	28,858	3.77%	4,976	5,920	18.97%
Citrus	148,330	159,718	7.68%	50,422	57,372	13.78%
Columbia	70,888	75,744	6.85%	12,841	15,999	24.59%
Dixie	17,088	18,242	6.75%	3,838	4,628	20.58%
Gilchrist	17,672	18,915	7.03%	3,642	4,594	26.14%
Hamilton	15,071	15,513	2.93%	2,600	3,268	25.69%
Hernando	188,636	210,616	11.65%	50,868	59,545	17.06%
Lafayette	8,988	9,497	5.66%	1,280	1,495	16.80%
Lake	334,715	383,266	14.51%	83,979	102,604	22.18%
Levy	42,665	46,246	8.39%	9,433	11,393	20.78%
Marion	362,606	403,824	11.37%	101,255	121,331	19.83%
Putnam	73,154	73,671	0.71%	15,500	17,445	12.55%
Sumter	124,466	155,466	24.91%	63,177	78,969	25.00%
Suwannee	46,111	49,455	7.25%	9,433	11,150	18.20%
Union	16,498	16,947	2.72%	2,002	2,411	20.43%
District 3 Total	1,753,189	1,941,131	10.72%	451,640	545,026	20.68%
State Total	20,382,303	22,132,607	8.59%	3,946,081	4,754,114	20.48%

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

Marion County, the proposed location, has the largest total population and largest 65+ population in District 3. The total population in Marion County is expected to increase 11.37 percent and the age 65+ population is expected to increase by 19.83 percent from July 2017 to January 2024. The estimated population increases within the subdistrict exceed forecasted population increases for District 3 but not the state overall.

Munroe HMA, LLC, intends to locate the proposed facility at 9521 SW State Road 200, Ocala, Florida 34481, and describes the emergent needs of the growing western portions of Marion County and the existing services at its intended location which include: TimberRidge Nursing Home, TimberRidge Freestanding ER, TimberRidge Medical Park and Marion County Hospice. The applicant maintains that given historical growth in the area, the impact on health infrastructure throughout Subdistrict 3-4 and the level of outpatient and emergency activity on campus, need and demand currently exists for inpatient beds.

The applicant provides a nine Zip Code service area, delineated as serving southwestern Marion County and a small portion of Citrus County from which 93.0 percent of patients are expected to be drawn. The applicant indicates that the service area was developed based on the existing utilization of the TimberRidge Emergency Department and its patient base, patient migration patterns throughout the area and the proximity of these residents to other area healthcare resources and EMS transport activity.

The applicant's service area is defined below:

Primary Service Area

- 34481 Ocala
- 34476 Ocala (*)
- 34473 Ocala
- 34432 Dunnellon (**)
- 34474 Ocala

Secondary Service Area

- 34442 Hernando
- 34431 Dunnellon
- 34482 Ocala
- 34434 Dunnellon

*P.O. Box 34477 is included in Zip Code area 34476

**P.O. Box 34430 is included in Zip Code area 34432

Munroe HMA, LLC, indicates that all of the Zip Codes listed are in Marion County with the exception of Zip Codes 34442 and 34434, which are located in northeastern Citrus County. A map of the existing hospital distribution within Marion County and its neighboring subdistricts is provided on page 30 of CON application #10519. Based on existing patient migration patterns, the applicant does not expect for hospitals outside of Marion County to be impacted by the licensure of TimberRidge Hospital. The applicant also maintains that Citrus Memorial Hospital and Seven Rivers Medical Center (located in Citrus County) are not within or proximate to the applicant's defined service area and maintains that these hospitals do not generally admit residents

of Marion County to their hospitals. The applicant additionally maintains that hospitals in Levy, Sumter and northern Lake County are neither within or proximate to MRMC's defined service area.

Service Area Population

In description of the service area population, the applicant states that the aggregate service area contains 152,281 residents per Claritas (EnviroNics) data. The applicant notes that 15.96 percent of the population (24,222 persons) is aged 0-17 and 84.09 percent (128,059 persons) of the population is aged 18+, with 43.3 percent of the adult population aged 65+. MRMC's primary service area (PSA) contains 94,970 residents, the adult population accounts for 83.78 (79,568 persons) percent of the PSA population and seniors account for 45.1 percent of the adult population of the PSA. The Secondary Service Area (SSA) is comprised of 57,311 residents, the adult population accounts for 51.06 (48,491) percent of the SSA and seniors account for 38.0 percent of the adult population within the SSA.

Munroe HMA, LLC, maintains that TimberRidge Hospital will serve as an adult medical surgical hospital to meet the non-tertiary needs of the adult population. The applicant maintains that a pediatric program will not be established and provides descriptions of varying statutory definitions for adults codified in Florida Administrative Code. MRMC further underscores its justification for not establishing a pediatric program by referencing the death volume of patients aged 15-17 served at existing hospitals within the service area. As an existing provider, MRMC states that TimberRidge ED primarily transfers pediatric patients to either Munroe Regional Medical Center or UF Health Shands in Gainesville, based on patient needs—a practice which will be maintained upon implementation of the proposal.

The applicant provides a summary of the age distribution within the defined service area and Subdistrict 3-4. The following population trends are noted for the TimberRidge Hospital service area for the 18+ population in 2018:¹

PSA:

- The 65+ population accounts for 45.1 percent of the population

SSA

- The 65+ population accounts for 37.6 percent of the population

Total Service Area

- The 65+ population accounts for 42.3 percent of the population

¹ The applicant states that Claritas population forecasts from which projections are derived are understated and do not account for much of the anticipated and planned growth expected in southwestern Marion County (CON application #10519, Page 34).

Subdistrict 3-4 (Marion County)

- The 65+ population accounts for 36.0 percent of the population

The applicant also notes the proportion of the 65+ population within the home Zip Code 34481 (70.1 percent) of the TimberRidge defined service area, the adjacent Zip Code 34476 (48.8 percent) and the State of Florida (25.6 percent).

In 2023, the anticipated third year of the proposal's operation, the following population changes are forecasted for the TimberRidge Hospital service area and Subdistrict 3-4:

PSA:

- The 65+ population will account for 47.5 percent of the population

SSA

- The 65+ population will account for 40.5 percent of the population

Total Service Area

- The 65+ population will account for 44.8 percent of the population

Subdistrict 3-4 (Marion County)

- The 65+ population will account for 38.6 percent of the population

The applicant maintains that the proposed TimberRidge Hospital service area population is expected to increase by 7.2 percent. The PSA population is forecasted by the applicant to increase by 8.0 percent from 2018 – 2023 and the SSA population is expected to increase by 5.8 percent. Munroe HMA, LLC, describes how from 2018 – 2023 the service area's population growth is concentrated among seniors. The applicant notes that within the home Zip Code, the proportion of adults aged 65+ is expected to increase from 70.1 percent in 2018 to 74.9 percent in 2023. The applicant notes that eight of nine Zip Codes included within the proposed service area will have proportions of elderly which exceed the state's anticipated proportion of elderly in 2023 (26.0 percent).

Based on the changes forecasted in population analysis, Munroe HMA, LLC, determines that there is evidence that the southwestern portions of Marion County and the most northeastern areas of Citrus County are developed and will continue to expand as destinations for seniors.

Additional Anticipated Growth in Unincorporated Southwestern Marion County

Munroe HMA, LLC, discusses the anticipated growth in the unincorporated regions of southwestern Marion County along the Highway 200 corridor, which is described as Marion County's largest unincorporated population center, undergoing development and growth. The applicant provides a map of this region delineated into three areas (CON application #10519, page 39): Highway 200 north area, Highway 200 triangle area and Highway 200 south area. All of these areas are stated to converge near the proposed TimberRidge hospital campus. MRMC notes that the three regions have 185 approved and pending residential projects and 58 of these residential projects are restricted to adults aged 55+. Narrative descriptions of the anticipated and ongoing development within these regions are provided along with a table summary of the authorized development approvals in these regions (as of January 7, 2018) in comparison to the number of approved and pending age-restricted residential projects and potential future population by the regions previously noted in the Highway 200 corridor (CON application #10519, pages 40-41). The applicant estimates that 67,000 of the 232,465 estimated persons of the future population currently live within this area, a subset of the TimberRidge service area.

Munroe HMA, LLC, notes that these estimates do not account for the totality of possible developments within the region or the entirety of the TimberRidge Hospital service area. Moreover, the applicant anticipates that additional population growth is anticipated across the broader service area and states that the unincorporated county's potential future population could increase in volumes that exceed Claritas estimates, an increase of 10.0 percent in the population is anticipated to result in even greater demand and utilization than what is estimated in the projections provided. In the Supporting Documents supplement to the application, the Highway 200 Residential Development Report is included.

Health Care Landscape

MRMC provides a description of the two existing healthcare systems in Marion County, Munroe Regional Medical Center and Ocala Health. The applicant notes that Munroe HMA, LLC, operates MRMC and Emergency Center at TimberRidge (freestanding ED) and Ocala Health² currently operates Ocala Regional Medical Center, West Marion Community Hospital and Summerfield Emergency Room (freestanding ED).

As the oldest and first provider in Marion County, MRMC identifies as a high quality provider and the only provider of obstetric and neonatal services within the county. Munroe HMA, LLC, also describes being the primary pediatric provider and the largest volume provider of nearly

²Marion Community Hospital, Inc. a subsidiary of HCA Healthcare, Inc.

every service line compared to the other two hospitals. The applicant notes that beds at its existing campus account for 53.0 percent of beds in Marion County. MRMC also notes having the lowest occupancy rate among existing providers within the subdistrict as a result of many of its semi-private rooms operating as private rooms due to the clinical indication to not comingle various diagnoses, diseases and symptoms and perceived quality of care metrics.

The reviewer notes that the applicant does not provide evidence related to the following:

- Adverse outcomes associated with comingling patients
- Overall health outcomes of patients in single rooms in comparison to semi-private rooms
- A significant marginal benefit or a comparative outcomes analysis of comingled patients and patients with similar conditions that were transferred from the existing campus

MRMC expects for the level and scope of services to expand at the Emergency Center at TimberRidge due to reductions in the transfer of patients from TimberRidge to other inpatient facilities which will result in a seamless more cost-effective continuity of care for TimberRidge patients.

The applicant notes that Ocala Health in Marion County is operated by Hospital Corporation of America (HCA). MRMC also describes the proximity of Ocala Regional Medical Center to Munroe Regional Medical Center (0.2 miles/two minutes)³. Munroe HMA, LLC, notes that Ocala Regional Medical Center reported an average occupancy rate of 89.4 percent for the 12 months ending September 30, 2017. The occupancy for the facility is noted to have increased from 86.6 percent during the 12 months ending June 30, 2017. Thirty-four acute care beds were approved to Ocala Regional Medical Center on October 16, 2017. The applicant maintains that the facility's high occupancies are during summer months which were previously characterized as "low seasons". With consideration of observation cases at the facility, the applicant estimates that the facility operates in excess of 100.0 percent. With the addition of the 34 beds, MRMC expects for Ocala Regional Medical Center to operate "at capacity" throughout the year. MRMC notes that this projection does not take into account population increases within the area.

MRMC describes the historical increases in bed capacity at West Marion Community Hospital and the facility's occupancy rate, 92.0 percent—the highest within Subdistrict 3-4 for the 12 months ending June 30, 2017. Again the applicant states that the facility's occupancy rate likely exceeds

³ FloridaHealthFinder

100.0 percent due to observation cases. MRMC notes that Ocala Health also operates an emergency department (Summerfield Emergency Department) located in southeastern Marion County on US Highway 27, north of the Sumter County Line which opened in October 2016.

Emergency Center at TimberRidge

In demonstration of need for the proposal, MRMC discusses the previous CON application #10449 which was previously approved to establish a 66-bed general acute care hospital in Marion County at the same site as TimberRidge ED. The applicant notes that the Agency's initial decision was litigated and a Final Order to deny CON application #10449 to Munroe HMA, LLC, was issued. MRMC notes similarities in the intended licensed bed complement of this proposal and the previous CON proposal but distinguishes this application in that 63 beds will be transferred from the existing facility to the new campus and three additional acute care beds will be added through notification to complete the bed complement. The applicant states that the transfer of beds from the existing campus will better serve the residents of Marion County and allow for MRMC to achieve its strategic initiative of becoming an all private-bed hospital.

Munroe HMA, LLC includes "not normal circumstances" for which approval of the proposed project is merited and these reasons are discussed in the subsequent subheadings:

#1 TimberRidge ED, an existing high volume freestanding emergency department

The applicant describes TimberRidge ED as an existing high volume freestanding emergency room on the proposed TimberRidge Hospital site that meets the emergent and some non-emergent needs of the service area population. The applicant notes that TimberRidge ED is the oldest freestanding emergency department in the state which has achieved volumes that are sufficient to sustain a hospital. The applicant provides a chart summarizing the emergency room department admissions at TimberRidge Emergency Center from CY 2013 – CY 2017 which shows an increase in the volume of admissions each year, with the exception from CY 2016 to CY 2017 where a decline was noted and attributed to the establishment of Summerfield Freestanding Emergency Department. The applicant notes that in 2017, 6.8 percent of all patients that visited TimberRidge ED required admission and 1.8 percent of patients required 24-hour observation or outpatient treatment that was unavailable at a freestanding ED. The applicant maintains that the volume of patients requiring transfer to a hospital was 7.4 percent in CY 2015 and increased to 8.6 percent in CY 2017. MRMC states that TimberRidge ED's development was based on a growing western Marion County population and the travel distance to the subdistrict's hospitals.

#2 TimberRidge ED Patient Activity

Munroe Regional maintains that the overall level of patient activity at TimberRidge ED demonstrates a solid foundation for the establishment of a Class I general acute care hospital. The applicant notes that approval of the hospital is merited to enhance access to a significant portion of the population (including low income), timely access through avoidance of transfers for inpatient treatment and observation from TimberRidge ED, and promotes cost-effectiveness. MRMC describes TimberRidge ED's outpatient activity by noting that the facility was the 12th busiest freestanding emergency department in the state than, more than 100 other emergency rooms in the State of Florida, based on data obtained from the AHCA Emergency Room Patient Database. The applicant expects for service area population dynamics to contribute to growth at the facility. MRMC provides a chart demonstrating that from CY 2015 – CY 2017 the volume of emergency department transfers from TimberRidge ED was as follows: 2,285 in CY 2015, 2,664 in CY 2016 and 2,455 in CY 2017. The data by calendar year is also assorted by admission, observation or other outpatient volume.

MRMC states that some small level of transfers would continue from TimberRidge Hospital if a tertiary patient presents at the hospital but maintains the vast majority of interfacility transports could be avoided resulting in a positive impact on geographic hardships encountered by service area residents/patients, the cost of the Marion County Fire Rescue service, time vehicles and EMS responders are out of service, travel time, treatment delays and family hardships.

#3 Utilization of Like and Existing Services

In description of the like and existing services within the subdistrict, the applicant maintains that high occupancies at existing hospitals indicate that there are not available and accessible inpatient hospital beds for the service area population. MRMC contends that West Marion Community Hospital and Ocala Regional Medical Center use inpatient licensed beds to treat observation patients. The applicant maintains that along with diversion and bed delay statistics, there are not available and accessible inpatient hospital beds for the population in need, within the service area or in reasonable travel times. The applicant references the historical occupancy rates of existing providers published in the *Florida Hospital Bed Need Projections & Service Utilization by Subdistrict (January 2018)*, in addition to data obtained from WellFlorida Council to reflect the occupancy rates for existing facilities for the 12 months ending September 30, 2017 which is summarized below:

- Munroe Regional Medical Center--51.5 percent
- Ocala Regional Medical Center--89.4 percent
- West Marion Community Hospital--92.0 percent
- Total Marion County hospital occupancy--68.1 percent

CON Action Number: 10519

The applicant maintains that the occupancies above reflect that both Ocala Regional and West Marion Community Hospital function at virtually full capacity. Further, given seasonality in the subdistrict, during a portion of the year, the applicant expects for occupancies to be further exacerbated and that beds are less available on a steady basis. Munroe HMA, LLC, notes that Ocala Regional Medical Center reported an average occupancy rate of 89.4 percent for the 12 months ending September 30, 2017. MRMC notes that 34 acute care beds were approved to Ocala Regional Medical Center on October 16, 2017. The applicant maintains that the facility's high occupancies are during summer months which were previously characterized as "low seasons". The applicant estimates that Ocala Regional Medical Center operates in excess of 100.0 percent when observation cases are considered. MRMC expects for Ocala Regional Medical Center to continue to operate "at capacity" throughout the year even with the addition of the 34 "approved" beds. MRMC notes that this projection does not take into account population increases within the area. Munroe Regional describes the historical increases in bed capacity at West Marion Community Hospital and the facility's occupancy rate, 92.0 percent—the highest within the subdistrict. The applicant asserts that the facility's occupancy rate likely exceeds 100.0 percent due to observation cases.

MRMC additionally reviews its existing campuses' patient occupancy rates for the last 21 months (January 2016 – September 2017), noting an increase from 46.2 percent to 63.3 percent during that time. On pages 61 – 66 of CON application #10519, the applicant discusses occupancy and census analyses presented in litigation for DOAH Case No. 17-000554 CON.

The applicant additionally provides a chart depicting Munroe Regional Medical Center's summation of inpatient, observation, outpatient/ambulatory surgery census from January 2017 – September 2017. The applicant notes that MRMC has a separate observation unit in which it treats observation patients and that even with overflow observation cases there is not an occupancy problem at the facility. The applicant notes that beds at West Marion are generally unavailable and the emergency room is frequently on diversion due to capacity constraints. MRMC contends that there is significant demand for inpatient and emergent healthcare services in western Marion County. In general, MRMC states that the community is growing at such a pace that there is additional demand without sufficient supply (net need) to fill the proposed 66 beds at TimberRidge Hospital.

#4 MRMC will become 100 percent private through transfer of 63 semi-private beds

The applicant reanalyzes its acute care census from January 2017 – September 2017 and notes that with the delicensing of 63 beds at the facility, MRMC would still have close to 100 vacant beds on its busiest days. MRMC expects for the approval of TimberRidge Hospital to result in a benefit to the community through fostering quality of care in an enhanced environment. The Munroe Regional Health System is also anticipated to benefit from increased dispersion of beds to best meet the growing and changing needs of residents.

#5 Marion County bed need supports approval of TimberRidge Hospital

MRMC indicates that utilization of conservative population forecasts derives a need for 820 acute care beds in 2023 at 75.0 percent occupancy. The applicant explains that the analysis was based on the subdistrict use rates for inpatient acute care services only and the forecasted population, observation cases were excluded from the analysis (CON application #10519, Page 70).

For the year 2023, Munroe Regional also analyzes the net beds needed when accounting for 773 licensed acute care beds (including 44 newly licensed beds at WMCH) and 34 acute care beds approved through notification, the applicant determines that the net beds needed will be 13 beds. The applicant analyzes the bed need by 2023 with the inclusion of observation cases and concludes that the net bed need at 75.0 percent is 877 beds and with the addition of acute care licensed beds and acute care beds under construction the net beds needed amounts to 70 beds.

MRMC provides an analysis comparing the net beds needed at 75.0 percent using Claritas and AHCA Population Estimates and the addition of three beds at TimberRidge Hospital. Using Claritas data, beds needed at 75.0 percent is 820 beds and the adjusted net beds needed is 10. Using AHCA Population Estimates, net beds needed at 75.0 percent is 876 and adjusted net bed need computed is 66 beds (CON application #10519, Page 72).

MRMC provides an analysis comparing the net beds needed at 75.0 percent using Claritas and AHCA Population Estimates and the addition of three beds at TimberRidge Hospital using inpatient and observation utilization of acute beds. Using Claritas data, net beds needed at 75.0 percent is 877 beds and the adjusted net beds needed is 67. Using AHCA Population Estimates, net beds needed at 75.0 percent is 937 and adjusted bed needs computed is 127 beds.

The reviewer notes that the Agency does not have a need methodology for acute care beds.

#6 Population Dynamics with Substantial Senior Growth

The applicant restates population analysis trends of the total service area which reflect changes in the population by Zip Code and age. MRMC determines that population growth in the service area, particularly amongst the senior population, will exacerbate existing hospital facilities with high occupancies. MRMC notes that the most significant users of healthcare services represent 82.0 percent of the population and increases in the 65+ population are projected to increase at twice the rate of the under 65 population in the applicant's service area. Moreover, due to underestimates in Claritas projections, the applicant provides population analyses using BEBR population estimates for Marion and Citrus Counties (CON application #10519, Page 76). In addition to growth in the service area's 65+ population, MRMC notes the density of residential developments targeted towards the 55+ population, existing ALFs and SNFs which support need for an additional hospital in the service area.

#7 Medical Trends and Inpatient Discharge Use Rates

MRMC notes that within the service area the use rate per 1,000 has increased from 2015 – 2017, while the overall use rate within the subdistrict has decreased. The use rate in the applicant's service area has increased by 1.5 percent from (130.1 per 1,000 in 2015 to 132.1 per 1,000 in 2017) while the use rate within the subdistrict has decreased by 3.3 percent from 132.1 per 1,000 in 2015 to 127.8 per 1,000 in 2017 (CON application #10519, page 77). Increases in the use rate within the applicant's service area relative to the subdistrict reflect need for an additional hospital.

#8 Excessive Traffic and Travel Times Create Barriers and Inaccessibility to Existing Hospitals

The applicant references a traffic study carried out by the traffic engineering firm, Traffic Mobility Consultants, LLC, to evaluate the expected travel time from areas within the proposed hospital's service area to existing hospital facilities and to the proposed hospital. The summary of the analysis is provided in the following table:

Average Congested Travel Time Matrix					
Origin		Destination			
Origin ID	Zip Code	TimberRidge Hospital	West Marion	Munroe Regional/Ocala Regional	Citrus Memorial
1	34331	30	32	41	40
2	34332	14	29	51	26
3	34434	21	36	51	23
4	34442	20	39	51	16
5	34473	13	21	26	41
6	34474	12	6	23	41
7	34476	14	12	28	48
8	34481	17	23	23	42
9	34482	29	17	29	40
% of Zips > 30 Minutes Travel Time		0%	33%	44%	67%

Source: CON application #10519, Page 84. Traffic & Mobility Consultants and NHA Analysis

MRMC states that the lower travel times represent travel to West Marion from the centroid of its own home Zip Code area. Moreover, Munroe Regional finds that the TimberRidge ED/proposed TimberRidge Hospital site has the shortest average time from within the aggregated service area within 19 minutes. In general, all origins within the PSA and SSA are within a 30-minute drive or less to the proposed site.

Based on the average travel distance comparisons from the service area in comparison to other existing providers and the proposed site, the applicant determines that TimberRidge is a more proximate and geographically accessible hospital for most service area residents.

#9 Literature Review of Senior Driving Challenges

The applicant describes a literature review conducted by a civil engineering expert, which reflects that the overall safety of elderly drivers will improve as a result of the addition of the proposed hospital as older drivers will drive in areas with less development than downtown Ocala, avoid problematic intersections that show higher crash involvement along State Route 200 and have a lower crash rate per 1,000 residents. The proposal is expected to significantly improve driving safety for seniors and provide them with an easier, less congested route to navigate compared with travel to existing hospitals.

#10 Seniors are confronted with more challenges driving and show higher crash involvement

The main findings of the senior crash study are as follows:

- The data shows a clear potential reduction in crashes of all drivers that may be using the proposed hospital when it is compared to the three existing hospitals in Marion County. This trend is observed even when the relative percentages of the crashes of older drivers are considered for the routes from Summer Glen and Spruce Creek.

- It should be noted though that there is a reduction in the overall number of crashes that older drivers will most likely experience along the routes to the proposed TimberRidge Hospital and this is considered as a safety gain.
- The overall safety of older drivers will improve when considering traveling to the proposed hospital.
- Among areas of concern for older drivers are intersections and the literature review had identified that older drivers experience difficulties dealing with them. Moreover, signalized intersections with several lanes and complicated layout may pose additional concerns for older drivers.
- A final consideration for the safety analysis was the identification of the intersections with the highest number of crashes along State Route 200.
- There is a significant difference in the level of development and congestion along State Route 200. The varying number of lanes, width of lanes, width of shoulders, signalized intersections, directional turns and speed limits were also considered in the report.

#11 Diversion, Bed Delays and Excessive Wait Times

The applicant contends that there is ongoing evidence of diversion as a result of capacity constraints. MRMC notes that in the 15-month period between October 1, 2016 and December 31, 2017, Marion County's acute care hospitals spent 295 hours on diversion due to emergency department overflow. The applicant states that all 295 hours spent on diversion were at the two HCA hospitals. Coupled with high occupancy, MRMC indicates that diversion confirms there is clear evidence of need for an additional hospital access point within the service area. The applicant maintains that bed delays or a delayed transfer of care are the direct consequence of capacity issues in the ED and on the patient floors, primarily at the HCA hospitals while bed delays affect EMS's ability to respond to other service calls while awaiting the ability to transfer the patient. MRMC asserts that taking an ambulance and its personnel out of service not only has an impact on EMS's ability to respond to the community quickly and effectively but it also has a cost impact. With the approval and implementation of TimberRidge Hospital, the applicant states that bed delays will be minimized through the additional access point as well as overall decompression on subdistrict beds. MRMC notes that the TimberRidge Hospital will provide residents in western Marion County with shorter distances to an access point and less time back in service for EMS.

Bed Delays/Wall Times

The applicant describes how ambulance diversions occur as a result of capacity constraints at facilities. Munroe Regional explains how bed delays or a delayed transfer of care are the direct consequence of capacity issues in the emergency department and on patient floors,

which are indicated to occur primarily at HCA-operated hospitals in Marion County. MRMC explains that bed delays affect EMS’s ability to respond to other service calls while waiting for the ability to transfer a patient which results in an ambulance and its personnel being out of service which impact an EMS’ ability to respond to the community quickly and effectively and costs to the EMS system. The applicant expects for the approval and implementation of TimberRidge Hospital to result in bed delays to be minimized through the additional access point (a fourth hospital) and a decompression on the subdistrict’s beds. MRMC maintains that the TimberRidge Hospital will also provide EMS in western Marion County with shorter distances to access points and quicker times back in service.

MRMC provides the following table to reflect the total hours on bed delays relative to the hospital size within Marion County.

Total Hours of Bed Delays Greater than 30 Minutes Relative to Hospital Size Marion County Hospitals October 2016 - December 2017				
Month	Munroe Regional Medical Center	Ocala Regional Medical Center	West Marion Community Hospital	Total 3 Hospitals
15 - Month Total	722	1,328.3	705.5	2,755.9
Acute Care Beds	413	222	94	729
Hours/Licensed Bed	1.7	6.0	7.5	3.8

Source: CON application #10519, Page 95. Marion County Fire Rescue and NHA Analysis

Using Marion County Fire Rescue data, Munroe Regional also provides an analysis of the percentage of bed delays at existing Marion County hospitals from October 2016 – December 2017. The table reflects that 8.6 percent of EMS transfers to MRMC were delayed greater than 30 minutes, 16.3 percent of EMS transfers to Ocala Regional Medical Center were delayed greater than 30 minutes and 17.8 percent of EMS transfers to West Marion Community Hospital were delayed greater than 30 minutes (CON application #10519, Page 96). The applicant notes that this analysis reflects the efficiency of MRMC as a provider.

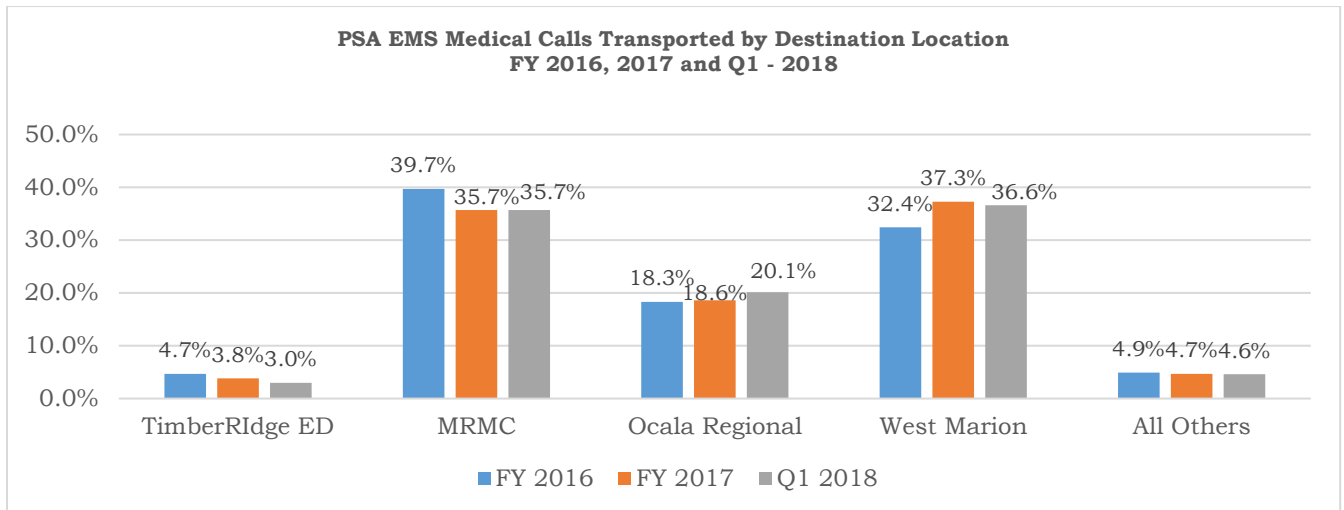
EMS Medical Calls in the Service Area

MRMC states that bed delays, diversion status and excessive wall times at Marion County hospitals increase costs to the health care system and adversely impact Marion County Fire Rescue Emergency Medical Services. Overall the applicant states that these issues demonstrate unfavorable market conditions and the lack of available beds for residents of the service area population.

CON Action Number: 10519

A chart with the volume of EMS medical calls to Marion County Fire Rescue and the number of EMS medical calls transported in FY 2016, FY 2017 and annualized FY 2018. According to MRMC, the charts reflect that on average 71.0 – 73.0 percent of calls were transferred within the subdistrict with the volume of calls per year increasing approximately 6.0 percent and the volume of transfers increasing approximately 4.0 percent. An analysis of the number of EMS calls to Marion County Fire Rescue within the PSA and the number of calls transported within the same time-period demonstrate that 74.0 – 75.0 percent of EMS calls were transported within the PSA. During the 12-months ending September 30, 2017, the applicant notes that 539 of 13,830 patients were transported to TimberRidge ED. MRMC states that TimberRidge ED is often bypassed by EMS in the event that the patient is older, requires admission or has an indication that cannot be addressed at TimberRidge ED. The applicant expects for the proposal to result in a decrease in the number of EMS bypasses which will result in a significant increase in the quality and response time required to address patient needs. An increase in the productivity of EMS providers is also expected from implementation of the proposal as EMS vehicles will have rapid access to TimberRidge Hospital rather than traveling out of the service area.

MRMC provides the following chart to reflect the destination of EMS medical calls from the PSA transported in FY 2016, FY 2017 and Q1-2018



Source: CON application #10519, Page 100. Marion County Fire Rescue and NHA Analysis

The chart reflects that approximately 54 – 58.0 percent of transported EMS calls from within the PSA were transported to Munroe Regional Medical Center and Ocala Regional Medical Center. The applicant notes that 32.0 – 37.0 percent of EMS calls from within the service area were transported to West Marion Community Hospital which is located up to 29 minutes from TimberRidge Hospital’s PSA Zip Codes. The applicant provides a summary of the volume of EMS medical transports delineated

CON Action Number: 10519

by PSA Zip Code. The chart reflects that PSA Zip Code 34481 had the largest volume of EMS medical transports in FY 2016, FY 2017 and annualized FY 2018 including transports from TimberRidge ED.

As a result of the proposed hospital being located in closer proximity to the PSA, the applicant anticipates that less patients will be transferred out of the service area (defined by the applicant) and that less patients will be transferred to West Marion Community Hospital. An analysis of the EMS medical calls from within PSA Zip Code 34481 (home Zip Code), from FY 2016, FY 2017, and annualized FY 2018 the applicant notes that 56.0 – 61.0 percent of EMS calls from within Zip Code 34481 were transferred to Munroe Regional Medical Center for the time periods in the analysis. The applicant notes that the majority of EMS calls from within the TimberRidge Hospital SSA were transferred outside of the service area (2.2 percent transferred to TimberRidge ED, 31.3 percent transferred to MRMC, 30.4 transferred to West Marion Community Hospital and 25.3 percent transferred to Ocala Regional Hospital).

MRMC determines that the transfer of these patients outside of the TimberRidge Hospital service area can be more costly and that travel times, bed delays and wait times associated with these transfers are excessive and also increase costs.

#12 TimberRidge Hospital will provide competition which fosters quality and cost-effectiveness

MRMC identifies as a low-cost provider in comparison to existing HCA operated hospitals with service area overlap within the proposed TimberRidge Hospital service area. As the proposed hospital will share the same charges and negotiated rates for reimbursement, Munroe Regional concludes that the proposal will be a lower cost provider as well.

The applicant provides a chart depicting the gross charge comparison of providers as reported to AHCA Data tapes for the Top 10 Non-Tertiary DRGs in the TimberRidge Hospital PSA. A consolidated reference to the table is provided below:

Gross Charge Comparison of Providers as Reported to AHCA (Data Tapes) Top 10 Non Tertiary DRGs in TimberRidge Hospital PSA					
	Average of Four Hospitals	Munroe Regional	Ocala Regional	West Marion	Citrus Memorial
Weighted Average of Cases	\$70,225	\$54,390	\$88,529	\$73,575	\$112,916
Each Hospital as a percentage of "Average"	-	-22.5%	26.1%	4.8%	60.8%
Percent Differential from TimberRidge Hospital Based on Weighted Average of Top 10 DRGs	29.1%	0.0%	62.8%	35.3%	107.6%
Percent of Adult Non-Tertiary Cases in Primary Service Area Treated by These Four Hospitals	94.7%	36.0%	20.9%	37.1%	0.7%

Source: CON application #10519, Page 105. AHCA Inpatient Data Tapes. Top 10 DRGs used: 470, 871, 291, 392, 190, 247, 287, 313, 603, and 460

CON Action Number: 10519

A summary of the Medicaid reimbursement rate among the same providers is provided by Top 10 Non-Tertiary Medicaid APR DRGs within the TimberRidge PSA. A consolidated reference to the table is again provided:

Medicaid Reimbursement Comparison of Providers Florida Medicaid DRG Rate Calculator System, Fiscal Year 2017 - 2018 Top 10 Non-Tertiary Medicaid APR DRGs in TimberRidge Hospital Primary Service Area				
	Munroe Regional	Ocala Regional	West Marion	Citrus Memorial
Percent Differential from TimberRidge Hospital	0.0%	11.0%	11.0%	0.0%
Percent of Adult Medicaid Cases in Primary Service Area	40.3%	19.8%	28.8%	1.7%

Source: CON application #10519, Page 106. 3M APR-DRGs used: 1403, 2822, 1943, 7204, 4202, 7203, 0532, 1922, 3443, and 3831

The applicant describes how Medicaid reimbursement amongst the four hospitals is higher at Ocala Regional and West Marion as a result of an 11.0 percent add-on to their base Medicaid reimbursement rates for the Trauma Supplemental Payment.

As a result of the proposed TimberRidge Hospital being the lowest cost provider, MRMC states that implementation of the proposal will enhance competition from a cost standpoint in the west Marion County community.

MRMC includes a discussion of its participation in clinically-integrated physician networks such as Physician Health Partners which are stated to create a high-degree of interdependence and cooperation between physicians, hospitals and health systems which result in the development of active and ongoing clinical initiatives that are designed to control costs and improve the quality of health care services. Munroe HMA, LLC, states that this form of integration helps to remove the barriers to the coordination of patient care. MRMC states that participation in Physician Health Partners results in clinical integration program initiatives that help to: optimize clinical outcomes, adopt evidence-based protocols, reduce unnecessary utilization and provide measurable results.

The applicant also utilizes the MDSave Program as a cost-effective measure for patients. The MDSave Program is described as a cost-saving tool for patients who are uninsured or underinsured. Through the use of pre-negotiated prices with providers to offer affordable rates on common procedures, consumers are able to search for health care services, compare prices and prepay for their procedures. Patients can select from a national network of hospitals and providers, regardless of their insurance status or provider, including Medicare or Medicaid patients. MRMC intends to make MDSave available to patients at the proposed TimberRidge Hospital.

An excerpt from a letter of support from Michael S. Lemell, JD, LLM, Executive Director of Physicians Health Partners is included both endorsing support of the hospital for the anticipated outcomes stated.

Cost Savings to Marion County EMS

The implementation of the proposed hospital is anticipated to allow for competition that fosters quality of care and cost effectiveness through the facilitation of more rapid treatment of patients being transferred from TimberRidge ED, minimization of the impact on EMS to transfer patients out of the area with or without excessive wall time given the magnitude of EMS demand within the service area, the reduction in the cost to the Marion County EMS system and decrease in costs to the TimberRidge Hospital service area’s residents. MRMC states that a decrease in the number of interfacility transports for non-tertiary adult admissions (inpatient) and observation patients to Munroe Regional will be eliminated. The applicant maintains that medical calls that occur within the proposed service area which currently bypass TimberRidge Hospital will be reduced. Though not all patients that are transported to a receiving hospital will be admitted, the applicant states that reducing the en route time, bed delay time, out of service time and time to return back to the service area will be reduced.

Implementation of the proposal is anticipated to result in an additional hospital and access point within the subdistrict, this is anticipated to increase the positive financial impact on EMS.

The applicant provides a table summarizing the estimated savings in terms of reduced EMS costs through the elimination of transports in their entirety and the reduced transport time through the ability to transport to a closer hospital. This analysis is included below:

Consumer Savings Through Elimination of Certain Interfacility Transports			
	Planning Horizon (*)		
	2021	2022	2023
Interfacility Transports to be Eliminated	2,551	2,628	2,707
Base Fee at \$500 per Trip	\$1,275,764	\$1,314,037	\$1,353,458
Consumer Mileage at \$124 per Trip	\$316,390	\$325,881	\$335,658
Total Savings with Elimination of Interfacility	\$1,592,154	\$639,918	\$1,689,116

Source: CON application #10519, Page 111. Marion County Fire Rescue, Internal Munroe Regional Records and NHA Analysis. (*) In 2018 dollars. Future years increased at three percent/year increases the total savings to \$1.7m - \$2.0m. The shaded value is incorrect.

An analysis of the anticipated labor savings to the Marion County Fire Rescue is also provided on pages 112 – 113 of CON application #10519. Overall, MRMC anticipates that the implementation of the proposal will add an additional access to the subdistrict and proposed service area, decompress beds within the subdistrict and favorably impact bed delays and wall times. The applicant concludes that the EMS system will become more cost-effective and experience improvements in quality.

#13 Applicant history of services to the Medically Indigent and community commitment

The applicant states that approval of the proposed CON application will allow MRMC, which provides the majority of Medicaid services to the subdistrict's residents, with the right to license and operate TimberRidge Hospital. MRMC states that for the last three years, MRMC provided between 18.0 – 21.0 percent of its discharges to Medicaid/ Medicaid HMO/KidCare patients, 4.2 - 5.2 percent of its discharges were to self-pay or underinsured patients and 1.0 percent were to charity care for the medically indigent. In description of outpatient services the applicant notes that at TimberRidge ED, 34.0 – 37.0 percent of ED visits were Medicaid/Medicaid HMO/KidCare and 17.0 – 19.0 percent were charity care/self-pay/underinsured. The applicant states this documents its historical capacity to serve the needs of Medicaid and medically indigent patients that will also be served at the facility and 65.0 percent of the hospital's outpatient visits for the last three years were also to underserved payer groups.

MRMC maintains that the proposed hospital will meet the defined service area inpatient needs by providing access to hospital care to the Medicaid population in the defined service area. MRMC contends that it has lower gross charges and is more cost-effective than Ocala Regional, West Marion and Citrus Memorial Hospital and therefore TimberRidge Hospital will also have lower charges than all of the HCA hospitals.

MRMC indicates that it has lower Medicaid reimbursement than HCA's Marion County hospitals with no add-on payments to its base Medicaid rate in contrast to the 11 percent add-on both Ocala Regional and West Marion enjoy as a result of Ocala Regional's trauma center status. Therefore for the same Medicaid APR-DRG, the applicant asserts that the state reimburses MRMC fewer dollars than its Marion County counterparts and therefore TimberRidge will also be a lower cost provider compared to its HCA subdistrict counterparts.

The applicant reiterates its participation in the MDSave Program.

Commitments to the Community

The applicant outlines the following community contributions from Munroe Regional Medical Center:

- YMCA: Contributed \$900,000, half in 2014 and half in 2015
- Interfaith Foundation of Marion County: contributed \$1,000,000 in 2014
- Munroe Regional Medical Center Auxiliary: Contributed \$500,000 in 2014

CON Action Number: 10519

- College of Central Florida: Contribute \$50,000 annually for 40 years beginning in 2014 in support of a nursing instructor – total of \$2,000,000
- Heart of Florida Health Center: Contributed \$721,961 in 2014 and \$400,000 per year in 2015, 2016, and 2017 – total of \$1,921,961

MRMC expresses a further commitment to the healthcare infrastructure in the subdistrict through investing \$150,000,000 to projects beginning between 2014 – 2019 in addition to \$75,000,000 in infrastructure improvements. MRMC notes sponsoring a variety of non-profit organizations and events throughout the community each year, e.g. American Heart Association, March of Dimes and American Cancer Society.

The applicant outlines the following conditions of approval for the proposal:

- TimberRidge Hospital will provide a minimum of 13 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis; this exceeds the service area average for medically indigent
- Extend the nursing training and education programs that are conducted in conjunction with Rasmussen College and College of Central Florida at Munroe Regional Medical Center to TimberRidge Hospital
- Annually sponsor the On Top of The World Health Fair
- Annually participate in the Oak Run Health Fair

#14 TimberRidge Hospital will have minimal impact on professional staff at other area hospitals

MRMC states that the licensure of TimberRidge Hospital will have minimal impact on the professional staff recruitment and retention at the other area hospitals as the majority of clinical staff to meet the initial TimberRidge census are already employed by MRMC at its clinical sites.

As a result of the existing campus' staff (including nurses and clinicians) residing within and proximate to the service area, the applicant anticipates that staff can be shifted from the existing campus to the proposed campus. The redistribution of employees is expected to have minimal impact to existing providers. The applicant notes that 30.0 percent of its employees currently reside in the service area.

Page 117 of CON application #10519 indicates:

- 576 of 1,998 total employees at MRMC reside in the nine Zip Code service area representing 28.8 percent of all employees

- 31 out of 59 TimberRidge employees reside within the defined service area (53 percent)
- Combined, 607 total employees at the two campuses reside in the defined service area (30 percent)

#15 Overwhelming Community Support for TimberRidge Hospital

The applicant notes that community support for a TimberRidge Hospital is expressed by EMS responders, physicians, referral sources, business leaders, elected officials, prior patients and other persons with personal experiences. MRMC references support from community leaders, clinically integrated physician networks, SNFs, state and local officials and area residents.

The applicant states that a survey disseminated amongst Marion County first responders is also included in supporting documents with the application. MRMC indicates that letters of support from EMS First Responders endorse support of the project in light of the need to reduce EMS transport times, a reduction in the volume of interfacility patient transports, an enhancement of the geographic access to a hospital for the rural/surrounding counties (Citrus, Levy), an increase in demand for hospital access due to the traffic and geographic challenges that exist and new residential developments that would support the establishment of the acute care hospital.

Alongside the “not normal circumstances” listed above, the applicant provides additional explanations for need for the proposal based on historical and forecasted service area utilization.

Historical and Forecasted Service Area Utilization

MRMC intends for the proposal to serve as a non-tertiary community hospital that will serve the acute care needs of residents within the nine Zip Code service area in southwestern Marion County, the most northeastern region of Citrus County and a portion of one Zip Code that spans the Levy County border. The applicant states that the historical non-tertiary inpatient utilization by Zip Code area and age cohort were used to forecast volume for the proposed hospital.

Historical Non-Tertiary Hospital Utilization

The applicant provides a summary of non-tertiary discharges originating from within the proposed TimberRidge Hospital defined service area among individuals aged 18+. In this analysis, Munroe HMA, LLC, indicates that its definition for non-tertiary excludes obstetrics, newborns, psychiatry, substance abuse, burns, trauma, transplants, neurosurgery, open heart surgery, long-term care and comprehensive medical rehabilitation. For the 12 months ending on June 30, 2017, the applicant states that 66.0 percent of all discharges originating from within the applicant’s defined service area were among adults aged 65+.

CON Action Number: 10519

MRMC notes that there is a positive correlation between the percent of discharges from individuals aged 65+ in each Zip Code and the percentage of 65+ individuals residing in each Zip Code. A consolidated reference to the table summarizing the total number of discharges by Zip Code within the applicant's service area is reproduced below:

TimberRidge Hospital Service Area Non-Tertiary Resident Discharges, Ages 18+, 12 Months Ending June 30, 2017			
Zip Code Area	Total 18+	Total 65+	Percent of Total 65+
34481 Ocala	2,976	2,444	82.1%
34476 Ocala (*)	2,853	2,072	72.6%
34473 Ocala	1,740	873	50.2%
34432 Dunnellon (**)	1,655	1,088	65.7%
34474 Ocala	1,716	1,057	61.6%
PSA Total	10,940	7,534	68.9%
Secondary Service Area			
34442 Hernando	1,957	1,306	66.7%
34431 Dunnellon	880	579	65.8%
34482 Ocala	2,058	1,110	53.9%
34434 Dunnellon	840	479	57.0%
SSA Total	5,735	3,474	60.6%
Total Service Area	16,675	11,008	66.0%

Source: CON application #10519, Page 137. AHCA Inpatient Data Tapes and NHA Analysis

(1) Note: excludes obstetrics, newborns, psychiatry, substance abuse, burns, trauma, transplants, neurosurgery, open heart surgery and comprehensive medical rehabilitation. Also excludes long-term acute care hospitals and comprehensive medical rehabilitation hospitals

MRMC states that the proposed PSA accounted for 65.6 percent of non-tertiary discharges for adults 18+ and 68.44 percent of non-tertiary discharges among adults 65+ within the total service area. The applicant indicates that the proposed SSA accounted for 34.4 percent of non-tertiary discharges for adults 18+ and 31.56 percent of non-tertiary discharges among adults 65+ within the total service area.

MRMC provides a summary of the changes in the volume of non-tertiary discharges originating from the proposed service area for the three years ending June 30th in 2015, 2016 and 2017. A table summarizing these trends is reproduced below:

CON Action Number: 10519

TimberRidge Hospital Service Area Non-Tertiary Resident Discharges, Ages 18+, Three - Year Trend, 12 Months Ending June 2015 - June 2017					
Zip Code Area	12 Mos Ending 6/30/15	12 Mos Ending 6/30/16	12 Mos Ending 6/30/17	Two - Year Change	Two - Year Percent Change
34481 Ocala	2,888	2,873	2,976	88	3.0%
34476 Ocala (*)	2,763	2,784	2,853	90	3.3%
34473 Ocala	1,481	1,582	1,740	259	17.5%
34432 Dunnellon (**)	1,557	1,575	1,655	98	6.3%
34474 Ocala	1,673	1,666	1,716	43	2.6%
PSA Total	10,362	10,480	10,940	578	5.6%
Secondary Service Area					
34442 Hernando	1,813	1,829	1,957	144	7.9%
34431 Dunnellon	889	883	880	-9	-1.0%
34482 Ocala	2,078	1,955	2,058	-20	-1.0%
34434 Dunnellon	817	761	840	23	2.8%
SSA Total	5,597	5,428	5,735	138	2.5%
Total Service Area	15,959	15,908	16,675	716	4.5%

Source: CON application #10519, Page 138. AHCA Inpatient Data Tapes and NHA Analysis
 (1) Note: excludes obstetrics, newborns, psychiatry, substance abuse, burns, trauma, transplants, neurosurgery, open heart surgery and comprehensive medical rehabilitation. Also excludes long-term acute care hospitals and comprehensive medical rehabilitation hospitals

The applicant indicates that the table above reflects that from June 2015 to June 2017, discharges across the applicant’s proposed total service area have increased by 4.5 percent, within the PSA discharges increased by 5.6 percent and SSA discharges increased by 2.5 percent.

A summary of the non-tertiary discharges from the proposed TimberRidge Hospital service area among those aged 65+ is also provided and reproduced below:

TimberRidge Hospital Service Area Non-Tertiary Resident Discharges, Ages 65+, Three - Year Trend, 12 Months Ending June 2015 - June 2017					
Zip Code Area	12 Mos Ending 6/30/15	12 Mos Ending 6/30/16	12 Mos Ending 6/30/17	Two - Year Change	Two - Year Percent Change
34481 Ocala	2,307	2,310	2,444	137	5.9%
34476 Ocala (*)	1,965	2,025	2,072	107	5.4%
34473 Ocala	786	822	873	87	11.1%
34432 Dunnellon (**)	1,079	1,031	1,088	9	0.8%
34474 Ocala	1,002	974	1,057	55	5.5%
PSA Total	7,139	7,162	7,534	395	5.5%
Secondary Service Area					
34442 Hernando	1,196	1,206	1,306	110	9.2%
34431 Dunnellon	596	577	579	-17	-2.9%
34482 Ocala	1,167	1,118	1,110	-57	-4.9%
34434 Dunnellon	451	432	479	28	6.2%
SSA Total	3,410	3,333	3,474	64	1.9%
Total Service Area	10,549	10,495	11,008	459	4.4%

Source: CON application #10519, Page 139. AHCA Inpatient Data Tapes and NHA Analysis
 (1) Note: excludes obstetrics, newborns, psychiatry, substance abuse, burns, trauma, transplants, neurosurgery, open heart surgery and comprehensive medical rehabilitation. Also excludes long-term acute care hospitals and comprehensive medical rehabilitation hospitals

CON Action Number: 10519

Across the entire service area, MRMC asserts that the table above reflects that non-tertiary discharges among adults 65+ have increased by 4.4 percent from June 2015 to June 2017—with PSA discharges among adults 65+ increasing by 5.5 percent and SSA discharges among adults 65+ increasing by 1.9 percent.

The applicant provides a summary of the use rate by age within the proposed nine Zip Code TimberRidge service area among those aged 18+ segregated into the following categories: 18-44, 45-64, 65-74, 75-84 and 85+. The table has been consolidated for reference below:

TimberRidge Hospital Service Area Non-Tertiary Resident Discharge Use Rate per 1,000, Ages 18+, 12 Months Ending June 30, 2017		
Zip Code Area	Total 18+	Total 65+
34481 Ocala	158.9	188.5
34476 Ocala (*)	141.9	213.0
34473 Ocala	123.7	209.5
34432 Dunnellon (**)	146.2	236.5
34474 Ocala	121.7	305.8
PSA Total	139.7	215.8
Secondary Service Area		
34442 Hernando	141.7	193.6
34431 Dunnellon	126.2	211.5
34482 Ocala	104.1	201.1
34434 Dunnellon	113.8	190.9
SSA Total	119.6	198.4
Total Service Area	132.1	210.0

Source: CON application #10519, Page 140. AHCA Inpatient Data Tapes, Envirionics/Claritas and NHA Analysis. Discharges are for the 12 months ending June 30, 2017 and population is calendar year 2017

MRMC notes that based on the analysis, discharge use rates are higher in older age cohorts than in comparison to the younger cohorts and the use rate is higher in the PSA than the SSA. The reviewer notes that previous tables in the analysis reflect a higher proportion of elderly 65+ in the PSA than in the SSA and a correspondingly higher ratio of non-tertiary discharges from the PSA than in the SSA.

Forecasted Non-Tertiary Utilization

The applicant applies 2017 use rates by age cohort and Zip Code to forecast increases in the population in order to estimate market utilization within the planning years 2021 – 2023. The tables summarizing these projections are included below:

CON Action Number: 10519

TimberRidge Hospital Service Area Forecasted Non-Tertiary Market Discharges, Ages 18+, CY 2021 - CY 2023			
Zip Code Area	2021 (Year 1)	2022 (Year 2)	2023 (Year 3)
34481 Ocala	3,256	3,326	3,395
34476 Ocala (*)	3,077	3,132	3,187
34473 Ocala	1,847	1,874	1,900
34432 Dunnellon (**)	1,752	1,776	1,800
34474 Ocala	1,844	1,877	1,910
PSA Total	11,777	11,984	12,192
Secondary Service Area			
34442 Hernando	2,122	2,152	2,182
34431 Dunnellon	911	919	927
34482 Ocala	2,174	2,203	2,233
34434 Dunnellon	899	913	928
SSA Total	6,106	6,188	6,269
Total Service Area	17,883	18,172	18,461

Source: CON #10519, Page 141. AHCA Inpatient Data Tapes, Environics/Claritas and NHA Analysis. Shaded values are incorrect

TimberRidge Hospital Service Area Forecasted Non-Tertiary Market Discharges, Ages 18+, 12 Months Ending June 30, 2017 and CY 2023					
Zip Code Area	12 Months Ending 6/30/17	2023 (Year 3)	Change 2017 - 2023	Percent Change, 2015 - 2022	Percent of Service Area Growth
34481 Ocala	2,976	3,395	419	14.1%	23.4%
34476 Ocala (*)	2,853	3,187	334	11.7%	18.7%
34473 Ocala	1,740	1,900	160	9.2%	9.0%
34432 Dunnellon (**)	1,655	1,800	145	8.8%	8.1%
34474 Ocala	1,716	1,910	194	11.3%	10.9%
PSA Total	10,940	12,192	1,252	11.4%	70.1%
Secondary Service Area					
34442 Hernando	1,957	2,182	225	11.5%	12.6%
34431 Dunnellon	880	927	47	5.3%	2.6%
34482 Ocala	2,058	2,233	175	8.5%	9.8%
34434 Dunnellon	840	928	88	10.5%	4.9%
SSA Total	5,735	6,270	535	9.3%	29.9%
Total Service Area	16,675	18,461	1,787	10.7%	100.0%

Source: CON #10519, Page 142. AHCA Inpatient Data Tapes, Environics/Claritas and NHA Analysis. Shaded values are incorrect

MRMC indicates that the forecasted estimates in non-tertiary discharges reflect an anticipated 11.0 percent increase from 2017 to 2023 across the entire service area with 66.0 percent of non-tertiary discharges anticipated to originate from the PSA, including home Zip Code 34481 which is estimated to account for 23.4 percent of non-tertiary discharges. The applicant notes that the SSA is projected to account for 33.96 percent of non-tertiary discharges within the service area. MRMC contends that increases in the volume of non-tertiary discharges within the PSA from 2017 to 2023 account for 70.0 percent of the increase in the volume of non-tertiary discharges across the total service area.

MRMC notes that the 65+ adult non-tertiary discharges account for 68-69 percent of all adult non-tertiary volume generated by the proposed service area residents who are 18+. A consolidated reference to forecasted changes in the non-tertiary market discharge by age cohort and Zip Code is provided below:

TimberRidge Hospital Service Area Forecasted Non-Tertiary Market Discharges by Age Cohort Ages 18+ CY 2021 - 2023		
Year 1		
2021	Total 18+	Total 65+
PSA	11,777	8,335
SSA	6,106	3,887
Total Service Area	17,883	12,222
Year 2		
2022	Total 18+	Total 65+
PSA	11,984	8,536
SSA	6,188	3,978
Total Service Area	18,172	12,513
Year 3		
2023	Total 18+	Total 65+
PSA	12,192	8,736
SSA	6,269	4,069
Total Service Area	18,461	12,804

Source: CON #10519, Page 144. AHCA Inpatient Data Tapes, Environics/Claritas and NHA Analysis. Shaded values are incorrect.

Service Area Cases Could be Materially Greater

The applicant describes how as reiterated in Not Normal Circumstance #6, the population in the service area could likely exceed Claritas/ Environics population estimates and for this reason the forecasted volumes may be larger.

Forecasted TimberRidge Hospital Market Share and Utilization

MRMC explains that the proposed TimberRidge service area is in dire need of accessible and available acute care beds to alleviate issues of excess occupancies, diversion, bypass, interfacility transports, geographic accessibility, excessive drive times, senior driving issues, bed delays/wall times, relief to Marion County Fire Rescue and to meet the growing community’s needs well into the future.

In forecasting market shares, the applicant states to have evaluated historical inpatient migration patterns and the historical market share of outpatient emergency department visits. Other factors considered in forecasting market share for the proposal was the consideration of each Zip Code area’s geographic proximity to the closest existing acute care hospital, per the applicant.

Emergency Center at TimberRidge Market Share

The applicant indicates that the existing TimberRidge ED is the 4th busiest emergency departments in the State of Florida licensed as of June 30, 2017. MRMC states that the TimberRidge ED is a busier emergency room on an outpatient basis than 101 of 236 emergency rooms in the State of Florida. The applicant maintains that the high utilization of the emergency department is attributed to the ideal location, distance from other emergency rooms/hospitals and a highly regarded reputation for the quality healthcare provided.

The applicant states that for the past three years, TimberRidge ED has had between 28 – 30 percent market share of all emergency department outpatient visits originating from the proposed nine Zip Code service area. MRMC concludes that the extent of the market share is due to the extent that service area residents rely on TimberRidge for emergent care beds. MRMC provides a summary of the outpatient market share among existing providers based on outpatient visits originating from within the applicant’s proposed service area. The table summarizing this market share is included below:

TimberRidge Service Area Emergency Department (Outpatient) Market Share by Hospital, Ages 18+, 12 Months Ending June 30, 2017					
Zip Code Area	Emergency Center at TimberRidge	Munroe Regional Medical Center	West Marion Community Hospital	Ocala Regional Medical Center	All Others
34481 Ocala	38.0%	13.0%	38.1%	5.5%	5.4%
34476 Ocala	25.4%	16.5%	45.5%	6.4%	6.2%
34473 Ocala	40.7%	18.2%	27.7%	5.5%	7.8%
34432 Dunnellon	52.1%	12.3%	18.9%	3.7%	1.3%
34474 Ocala	6.1%	25.5%	50.4%	12.3%	5.7%
PSA Total	31.0%	17.7%	37.1%	6.9%	7.3%
Secondary Service Area					
34442 Hernando	26.1%	2.3%	2.8%	0.7%	68.0%
34431 Dunnellon	40.8%	1.4%	15.5%	4.5%	25.1%
34482 Ocala	8.5%	2.8%	43.1%	14.1%	6.3%
34434 Dunnellon	31.1%	3.1%	4.7%	1.5%	59.1%
SSA Total	20.7%	15.8%	23.2%	7.4%	32.8%
Total Service Area	27.6%	17.0%	32.4%	7.1%	15.8%

Source: CON application #10519, Page 147. AHCA Emergency Data Tapes and NHA Analysis

Overall, the applicant notes that the Munroe Regional Health System constitutes 44.6 percent of the market share of ED visits and the HCA hospitals account for 39.5 percent of the market share within the proposed service area. MRMC asserts that within the PSA it has a larger combined market share (51.0 percent) versus HCA’s market share of 43.6 percent.

TimberRidge Hospital Non-Tertiary Inpatient Market Share

Munroe HMA, LLC, provides a summary of the non-tertiary market share of existing providers across the service area. The table summarizing these findings is included below:

TimberRidge Service Area Non-Tertiary Market Share, Ages 18+, 12 Months Ending June 30, 2017					
Zip Code Area	Munroe Regional Medical Center	West Marion Community Hospital	Ocala Regional Medical Center	All Others	Total
34481 Ocala	33.0%	37.7%	16.9%	12.3%	100.0%
34476 Ocala	30.1%	38.2%	19.1%	12.6%	100.0%
34473 Ocala	34.5%	28.5%	19.0%	18.0%	100.0%
34432 Dunnellon	37.1%	24.5%	14.6%	23.8%	100.0%
34474 Ocala	27.1%	34.7%	25.2%	13.0%	100.0%
PSA Total	32.2%	33.9%	18.8%	15.2%	100.0%
Secondary Service Area					
34442 Hernando	8.8%	3.1%	3.2%	85.0%	100.0%
34431 Dunnellon	34.1%	16.5%	12.1%	37.3%	100.0%
34482 Ocala	29.7%	28.0%	27.3%	15.0%	100.0%
34434 Dunnellon	15.2%	5.7%	4.7%	74.4%	100.0%
SSA Total	21.2%	14.5%	13.5%	50.8%	100.0%
Total Service Area	28.4%	27.2%	17.0%	27.4%	100.0%

Source: CON application #10519, Page 148. AHCA Emergency Data Tapes and NHA Analysis

The applicant notes that MRMC assumed 32.2 percent of the non-tertiary adult market share within the proposed PSA noting that West Marion Community Hospital accounted for 33.9 percent of the non-tertiary adult market share. Within the SSA MRMC accounts for 21.2 percent of the adult non-tertiary market share, West Marion Community Hospital accounts for 14.5 percent of the market share and Ocala Regional Medical Center accounts for 13.5 percent of the market share. The applicant notes that while Citrus Memorial Hospital is excluded from the table, on account of being located outside of the subdistrict, the hospital accounted for 0.5 percent of the market share within the proposed PSA and 24.5 percent of the market share within the SSA—the market share is noted to be concentrated in Zip Codes 34434 and 34442.

The applicant additionally analyzes the number of interfacility transports for inpatient utilization originating at TimberRidge. Munroe HMA, LLC, states that for each of the patients transferred from TimberRidge ED to Munroe Regional for admission, age and diagnosis were noted in order to determine if the patient was within the defined DRG set for TimberRidge Hospital. The applicant states that overall, 1,802 out of 2,323 patients transferred to Munroe Regional were admitted and 521 of these patients were transferred but not admitted for either observation or outpatient treatment. MRMC notes that 96.9 percent of admitted cases met the age and DRG set proposed for TimberRidge Hospital and the remaining 56 patients were tertiary, obstetrics or pediatrics patients who were outside of the service line intended for the proposal. The applicant derives that the baseline admissions to TimberRidge Hospital by Zip Code area would be 1,746 cases in 2017 population. The applicant provides the following table summarizing forecasted market shares by the proposed service area's Zip Code from 2020 to 2022.

TimberRidge Hospital Forecasted Market Shares Ages 18+ CY 2021 - 2022			
Zip Code Area	2020 (Year 1)	2021 (Year 2)	2022 (Year 3)
34481 Ocala	25.0%	30.0%	35.0%
34476 Ocala	15.0%	20.0%	25.0%
34473 Ocala	15.0%	20.0%	25.0%
34432 Dunnellon	15.0%	20.0%	25.0%
34474 Ocala	8.0%	10.0%	12.0%
PSA Total (weighted average)	16.7%	21.2%	25.8%
Secondary Service Area			
34442 Hernando	5.0%	7.5%	10.0%
34431 Dunnellon	10.0%	15.0%	20.0%
34482 Ocala	3.0%	5.0%	7.0%
34434 Dunnellon	8.0%	12.0%	14.0%
SSA Total (weighted average)	5.5%	8.4%	11.1%
Total Service Area (weighted average)	12.9%	16.9%	20.8%

Source: CON application #10519, Page 149

Munroe Regional determines that these market shares are reasonable given the existing TimberRidge ED market share and the MRMC/ TimberRidge combined non-tertiary market share throughout the proposed service area.

TimberRidge Hospital Forecasted Utilization

Munroe Regional provides the forecasted TimberRidge Hospital discharges and patient days by service area Zip Codes for the first three years of operations (CON application #10519, Page 150 – 151). The applicant maintains that the volume should garner a “weighted average” market share of 12.0 percent in the proposed service area in year one and a ~21.0 percent market share in year three. A summary of the forecast is provided below:

TimberRidge Hospital Summary of Forecasted Utilization, Ages 18+ 2021 - 2023			
Zip Code Area	2021 (Year 1)	2022 (Year 2)	2023 (Year 3)
Discharges	2,470	3,291	4,117
Average Length of Stay	4.5		
Patient Days	11,116	14,810	18,527
Average Daily Census	30.5	40.6	50.8
Licensed Beds	66		
Occupancy Rate	46.1%	61.5%	76.9%

Source: CON application #10519, Page 152 *The reviewer notes that forecasts throughout the application alternate between CY 2020 – 2022 and CY 2021 - 2023

Impact of TimberRidge Hospital on existing providers

The applicant expects for a significant number of interfacility transports to be eliminated as a result of the proposal. MRMC maintains that these transfers are expected to result in savings to Munroe Regional, consumer (transport) costs, EMS (labor hours and vehicle usage) and improvement in delivery of care (more rapid treatment of the patient) and less delay to

treatment. The applicant maintains that in the absence of implementation of this proposal, the existing bed capacity within the subdistrict is insufficient to support the growing population and for this reason, increases in EMS response times, bed delays, wall time and poorer quality outcomes are expected. The following table demonstrates the impact analysis by the applicant illustrating implementation of the proposal.

Impact Analysis of TimberRidge Hospital Cases Elimination of Interfacility Transports of Admitted Patients to Munroe Regional		
	CY 2017	CY 2023 Year Three Estimated
TimberRidge Hospital Year Three Forecasted Admissions		4,117
Total Transports to Munroe	2,323	2,774
Observation/Outpatient Transports	521	622
Tertiary and Other Transports not in Data Set	56	67
Non-Tertiary DRG Data Set Transports	1,746	2,085
Admissions not Included in Eliminated Transports		2,032

Source: CON application #10519, Page 153. Internal Munroe Regional records and NHA analysis

Munroe Regional notes that 51.0 percent of admissions to TimberRidge Hospital will be via elimination of interfacility transports of patients who are admitted to Munroe Regional that consist of the same non-tertiary DRG data set planned for TimberRidge Hospital. The applicant maintains that the remaining, 2,032 admissions would otherwise be admitted to area hospitals within and outside the subdistrict based on the existing 2017 market share by Zip Code. The applicant provides a table summarizing the adverse impact analysis from existing hospitals which is reproduced below.

Impact analysis of TimberRidge Hospital Cases Remaining Cases After Elimination of Interfacility Transport Admissions to Munroe Regional	
Admissions Not Included in Eliminated Transports	2,032
Munroe Regional Medical Center	629
Ocala Regional Medical Center	351
West Marion Community Hospital	636
Citrus Memorial Hospital	105
All Other	311

Source: CON application #10519, Page 154. Impact analysis is based on market share for the 12 months ending June 30, 2017 of non-tertiary cases originating from the defined service area, ages 18 and older.

The applicant maintains that a 66.0 percent impact is anticipated on Munroe Regional Medical Center given the fact the interfacility transports are currently occurring. MRMC states that in the event that the market grows in accordance with BEBR/TMC population projections and/or population projected by Marion County, then the inpatient volume would

result in between 865 to 1,614 additional discharges from the service area, if distributed amongst the area hospitals thus negating any potential impact.

MRMC indicates that patients indicated in the “All Other” category of redirected patients are patients who receive hospitalization out of the subdistrict. The applicant indicates that TimberRidge Hospital will reduce this outmigration as it will be an additional access point within the subdistrict with available beds.

Impact on Professional Staffing

TimberRidge Hospital’s proposal is expected to have minimal impact on the professional staffing recruitment and retention at the other area hospitals as the majority of clinical staff to meet the initial TimberRidge employment census are already employee by MRMC at clinical sites. The applicant maintains that as a result of the existing campus’ staff residing within and proximate to the service area, the applicant anticipates that staff can be shifted from the existing campus to the proposed campus.

The applicant notes:

- 576 of 1,998 total employees at MRMC reside in the proposed nine Zip Code service area representing 28.8 percent of all employees
- 31 out of 59 TimberRidge employees reside within the proposed service area (53 percent total)
- Combined, 607 total employees at the two campuses reside in the proposed service area, representing 30 percent of total employees

MRMC also states that 57.2 percent of all anticipated year one FTEs are already employed at either the main campus or TimberRidge Emergency Department. The applicant excludes ancillary staff in this analysis and expects to recruit 71.7 new FTEs (of which 38.2 FTEs will be clinical defined by the applicant on page 118 as nursing and ancillary personnel). The applicant describes their recruitment activities on pages 118 and 155 of CON application #10519 and provides a list of 2016 – 2017 student affiliations by type and institutional academic affiliation in supporting documents of CON application #10519.

No Physician Overlap with Citrus Memorial Hospital

The applicant maintains that there is no physician overlap between Citrus Memorial Hospital and the proposed TimberRidge Hospital, with the exception of one physician who has a primary office located within the proposed TimberRidge Hospital service area. MRMC notes that only 48 of 292 patients discharged by this physician resided within the proposed hospital service area and only one patient originated from the Marion County portion of the proposed service area. The applicant states conferring with parent company, CHS, to discuss physician recruitment strategies.

Impact on Cost of Care

As an existing provider, MRMC identifies as a lower cost provider in comparison to hospitals operated by HCA in Marion and Citrus Counties. Munroe HMA, LLC, states that the proposal will be included on the existing campus' license and have similar if not identical charges and negotiated rates for reimbursement.

Using an analysis of gross charges across four licensed providers during the most recent 12 months for the top 10 non-tertiary DRGs in the proposed TimberRidge Hospital PSA, the applicant determines that MRMC's gross charges are 22.5 percent lower than the average of all four hospitals.

In further analysis of provider cost-effectiveness, the applicant describes how Medicaid reimbursement is higher at Ocala Regional Medical Center and West Marion Community Hospital than MRMC and Citrus Memorial Hospital. MRMC notes that both West Marion Community Hospital and Ocala Regional Medical Center, operated by HCA, both have an 11.0 percent add-on to their Medicaid reimbursement rates for the Trauma Supplemental Payment. The applicant notes that MRMC and Citrus Memorial have identical Medicaid reimbursement rates and do not have add-on payments. MRMC maintains that comparisons among providers for the top ten non-tertiary Medicaid APR DRGs in the proposed TimberRidge Hospital PSA were provided on page 159 of CON application #10519. Munroe HMA, LLC states that the table provided indicates that MRMC provided the largest percent of Medicaid inpatient services while its reimbursement is 11.0 percent less than the other two HCA hospitals within the subdistrict. (The reviewer notes that the table provided indicates the percentage of adult Medicaid cases within the applicant's PSA i.e. market share of Medicaid cases by facility within the PSA and not the volume of Medicaid services provided to residents of the PSA by provider).

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.**

Munroe HMA, LLC, states the proposed, TimberRidge Hospital will result in competition that fosters quality of care and cost-effectiveness from patients being more rapidly treated. According to the applicant, an increasing number of patients are transferred from TimberRidge ED each

year and the proposal will minimize the impact on EMS needing to transfer patients out of the area. MRMC expects a reduction in the cost to the EMS system and the residents of the applicant's service area upon implementation of the proposed project.

The applicant maintains that the proposed project will operate as a lower cost provider in comparison to the hospitals operated by HCA within the county. MRMC states that the only existing hospital west of Interstate 75 is an HCA facility with higher charges. Munroe HMA, LLC, states that the proposal will be included on the existing campus' license and have similar if not identical charges and negotiated rates for reimbursement.

Using an analysis of gross charges across four licensed providers during the most recent 12 months for the top 10 non-tertiary DRGs in the proposed TimberRidge Hospital PSA, the applicant determines that MRMC's gross charges are 22.5 percent lower than the average of all four hospitals included in the analysis on pages 157 – 158 of CON application #10519. By hospital, MRMC notes that the gross charges at the existing campus are 26.0 percent lower than West Marion Community Hospital, 39.0 percent lower than Ocala Regional Medical Center and 52.0 percent lower than Citrus Memorial Hospital's gross charges.

In further analysis of provider cost-effectiveness, the applicant describes how Medicaid reimbursement is higher at Ocala Regional Medical Center and West Marion Community Hospital than MRMC and Citrus Memorial Hospital.

MRMC notes that both West Marion Community Hospital and Ocala Regional Medical Center, operated by HCA, both have an 11.0 percent add-on to their Medicaid reimbursement rates for the Trauma Supplemental Payment. The applicant notes that MRMC and Citrus Memorial have identical Medicaid reimbursement rates and do not have add-on payments. The applicant notes that comparisons among providers for the top 10 non-tertiary Medicaid APR DRGs in the proposed TimberRidge Hospital PSA were provided on page 159 of CON application #10519. Munroe HMA, LLC states that the table provided indicates that MRMC provided the largest percent of Medicaid inpatient services while its reimbursement is 11.0 percent less than the other two HCA hospitals within the subdistrict.

In addition to the cost-effectiveness analysis provided, MRMC includes a discussion of its participation in clinically-integrated physician networks such as Physician Health Partners which create a high-degree of interdependence and cooperation between physicians, hospitals and health systems resulting in the development of active and ongoing clinical initiatives designed to control costs and improve the quality of healthcare services. Munroe HMA, LLC, states that this form of

integration helps to remove the barriers to the coordination of patient care. MRMC maintains that participation in Physician Health Partners results in clinical integration program initiatives that help to: optimize clinical outcomes, adopt evidence-based protocols, reduce unnecessary utilization and provide measurable results.

The applicant notes that it utilizes the MDSave Program as a cost-effective measure for patients. The MDSave Program is described as a cost-saving tool for patients who are uninsured or underinsured. MRMC indicates that through the use of pre-negotiated prices with providers to offer affordable rates on common procedures, consumers are able to search for health care services, compare prices and prepay for their procedures. The applicant states that patients can select from a national network of hospitals and providers, regardless of their insurance status or provider, including Medicare or Medicaid patients. MRMC intends to make MDSave available to patients at the proposed TimberRidge Hospital.

The applicant notes that TimberRidge Hospital's proposed staffing plan will serve as a cost-effective tool. As a result of the existing campus' staff (including nurses and clinicians) residing within and proximate to the service area, the applicant anticipates that staff can be shifted from the existing campus to the proposed campus. The redistribution of employees is expected to have minimal impact to existing providers. The applicant notes that 30 percent of its employees currently reside in the service area. The reviewer notes that page 117 of CON application #10519 indicates:

- 576 of 1,998 total employees at MRMC reside in the proposed nine Zip Code service area (28.8 percent)
- 31 out of 59 TimberRidge employees reside within the defined service area (53 percent)
- Combined, 607 total employees at the two campuses reside in the service area (30 percent of total employees)

MRMC also states that 57.2 percent of all anticipated year one FTEs are already employed at either the main campus or TimberRidge Emergency Department. The applicant provides information on recruitment activities on page 118 and provides a list of 2016 – 2017 student affiliations by type and institutional academic affiliation in the supporting documents of CON application #10519.

MRMC expects for the addition of TimberRidge Hospital to result in competition that fosters quality of care and cost-effectiveness, which will stem from patients receiving treatment more rapidly. The applicant indicates that a reduction in the number of transfers out of the area is expected to result in cost-savings to the Marion County EMS system and

service area residents. The applicant expects to minimize delays in accessing treatment resulting in an increase quality and cost-effectiveness.

Lastly, Munroe HMA expects to eliminate interfacility transports for non-tertiary adult admissions (inpatient) and observation cases to Munroe Regional Medical Center. The applicant indicates that less than 10.0 percent of transfer to other facilities will be considered to continue and notes that medical calls which occur within the service area which currently bypass TimberRidge Hospital will be reduced and result in time savings to receive care within the service area which will ultimately reduce time and money for Marion County EMS which is expected to result in more efficiency in caring for the health, safety and well-being of Marion County residents.

- 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.**

Medicaid, Medicaid HMO and Charity Data: District 3 Providers FY 2016					
Area	Medicaid/Medicaid HMO Patient Days	Charity Care Patient Days	Medicaid/Medicaid HMO (%)	Charity Care (%)	Total (%)
Munroe HMA	11,185	517	12.96%	0.599%	13.56%
Subdistrict 3-4	26,122	1,636	11.29%	0.71%	11.99%
District 3	179,130	23,432	14.42%	1.88%	16.30%

Source: Agency for Health Care Administration Florida Hospital Uniform Reporting System, FY 2016

Among acute care facilities in District 3 present on the FHURS FY 2016 report, Munroe Regional Medical Center provided:

- The 5th largest provision of Medicaid/Medicaid HMO days by volume of patient days and the 8th largest provision of Medicaid/Medicaid HMO by percentage
- The 10th largest provision of charity care days by volume of patient days and the 17th largest provision of charity care by percentage

As of April 2, 2018 at 3:37 p.m., Munroe Regional Medical Center had \$1,912 listed on the Low Income Pool Payment Program: Summary of Annual Totals and Year-to-Date amounts requested (or previously paid) for State Fiscal Year 2017 – 2018. Munroe Regional Medical Center was not listed as a Disproportionate Share Hospital for State Fiscal Year 2017 – 2018.

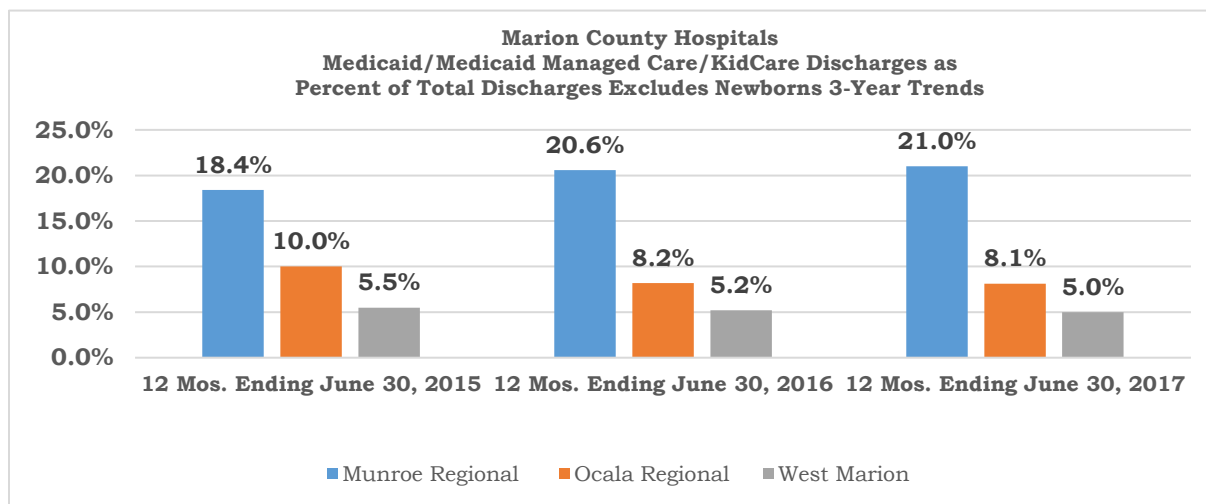
As an existing provider, MRMC describes its historical provision of health services to the medically indigent on an inpatient and outpatient basis. The applicant attests to being the sole provider of obstetrics and pediatric services within the subdistrict, a service that is commonly reimbursed by Medicaid. Using AHCA Inpatient Data Tapes, the applicant provides a

table summarizing its provision of Medicaid, Medicaid Managed Care, KidCare, charity/non-payment and self-pay/underinsured patients at Munroe Regional Medical Center for the three-year-long periods ending on June 2015, June 2016 and June 2017 on page 165 of CON application #10519. For the time periods indicated, 23.5 percent, 25.5 percent and 26.8 percent of discharges were allocated to these payor groups (these discharges are noted to exclude normal newborns).

An account of MRMC's provision of care to Medicaid patients on an outpatient basis through emergency department care is also provided. Munroe HMA, LLC, distinguishes its provision of care to Medicaid and medically indigent populations as unparalleled through emergency department care. MRMC identifies as a provider with an expressed commitment to provide care to serve the emergency care needs of Medicaid patients and the medically indigent. Using AHCA Emergency Data Tapes, the applicant provides a table summarizing its provision of Medicaid, Medicaid Managed Care, KidCare, charity/non-payment and self-pay/underinsured patients at TimberRidge ED for the three-year period ending June 30, 2017 on page 166 of CON application #10519. Patients from these payor groups accounted for 37.2 percent, 36.0 percent and 34.1 percent of emergency department visits from the time periods noted. The applicant expects for the same patient mix to be treated at the emergency department with the addition of the proposed acute care facility.

MRMC summarizes the same historical payor mix of patients treated at Munroe Regional Medical Center ED. Referencing data obtained from AHCA Emergency Data Tapes, the applicant notes that Medicaid/Medicaid HMO/KidCare patients accounted for 49.9 percent, 47.9 percent and 47.1 percent of emergency department visits at the Munroe Regional Medical Center ED during the three-year period. Munroe HMA, LLC, states that in comparison to competitors in Marion County, MRMC provides the vast majority of care to underserved populations.

In comparison to other providers in Marion County, the applicant provides a comparative summary of the provision of Medicaid/Medicaid Managed Care/KidCare discharges within inpatient and outpatient settings. The graphs and tables summarizing these comparative findings is provided below:



Source: AHCA Inpatient Data Tapes and NHA Analysis, CON application #10519, Page 168

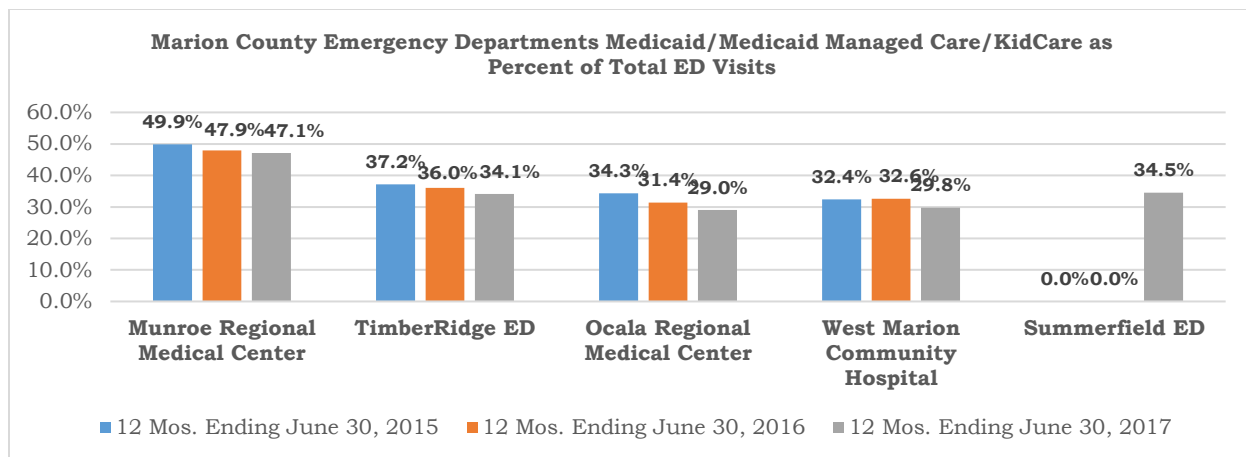
MRMC underscores its provision of Medicaid/Medicaid Managed Care/KidCare discharges for the year ending on June 30, 2017 and notes that in comparison to other general acute care providers within Marion County, MRMC accounted for the greatest volume of discharges at Marion County hospitals across underserved payor groups. The table summarizing this data is included below:

Payor	Munroe Regional Medical Center	Ocala Regional Medical Center	West Marion Community Hospital	Total Marion County Hospitals	MRMC as Percent of Total
Medicaid	492	161	53	706	69.7%
Medicaid Managed Care	3,598	938	331	4,867	73.9%
KidCare	5	3	0	8	62.5%
Subtotal	4,095	1,102	384	5,581	73.4%
All Other Payors	15,369	12,521	7,302	35,192	43.7%
Total	19,464	13,623	7,686	40,773	47.7%

Source: AHCA Inpatient Data Tapes and NHA Analysis, CON application #10519, Page 169

The applicant next provides a summary of the Medicaid volume provided at five existing Marion County emergency departments, including at MRMC. The table depicting the data is included below:

CON Action Number: 10519



Source: AHCA Emergency Data Tapes and NHA Analysis, CON application #10519, Page 170

A comparative summary of the total volume of emergency department visits by payor is included on page 171 of CON application #10519. Using AHCA Emergency Department Data Tapes, the table reflects that MRMC accounted for the largest volume of patients across all underserved payor mix groups in comparison to other providers by percentage during the 12 months ending June 30, 2017.

MRMC notes that according to the most recently available AHCA Financial Report, MRMC (including TimberRidge ED) provided \$9 million in charity care, \$47.5 million in bad debt care and \$236.6 million in Medicaid patient revenue of which \$236.5 million was written off for a net patient revenue of \$125,718 for Medicaid patients. The applicant additionally describes how of the nearly 16,000 – 17,000 non-tertiary (excluding obstetrics) discharges ages 18+ originating within the service area within the last three years, 11-12 percent are a combination of Medicaid payors and charity care/self-pay. Munroe HMA, LLC expresses a commitment to serve patients regardless of their ability to pay and contends that historical ED utilization at TimberRidge reflects the inpatients that will be served at the proposed facility. A table summarizing the TimberRidge service area non-tertiary discharges by payor is included below:

TimberRidge Hospital Service Area Non-Tertiary Discharges by Payor, Ages 18+						
Payor	Discharges			Percent of Total		
	6/30/2015	6/30/2016	6/30/2017	6/30/2015	6/30/2016	6/30/2017
Medicare/Medicare HMO	10,949	10,841	11,459	68.6%	68.1%	68.7%
Medicaid/Medicaid HMO	1,072	1,008	1,122	6.7%	6.3%	6.7%
Commercial Insurance	2,843	2,829	2,746	17.8%	17.8%	16.5%
Self-Pay/Underinsured	645	648	744	4.0%	4.1%	4.5%
Charity/Non-Payment	81	146	150	0.5%	0.9%	0.9%
KidCare	1	1	1	0.0%	0.0%	0.0%
All Other	368	435	453	2.3%	2.7%	2.7%
Total	15,959	15,908	16,675	100.0%	100.0%	100.0%
Medicaid/Medicaid HMO/KidCare	1,073	1,009	1,123	6.7%	6.3%	6.7%
Charity Care/Self-Pay	726	794	894	4.5%	5.0%	5.4%
Subtotal	1,799	1,803	2,017	11.3%	11.3%	12.1%

Source: AHCA Inpatient Data Tapes and NHA Analysis, CON application #10519, Page 172

Approval of the proposal is conditioned to the provision of a minimum of 13 percent inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis.

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

The applicant reiterates the condition that the proposed facility will be located at 9521 SW State Road 200 Ocala, Florida 34481, the location the existing TimberRidge ED, operated by the applicant. MRMC describes the 66-bed proposal as a 200,000 square foot project which will be constructed as an addition to the existing facility. The applicant anticipates that with the addition of the new acute care center, the emergency department will expand to a total of 26 emergency beds along with other expansions and renovations including:

- **First Floor:** Cardiac catheterization lab, endoscopy suite, pre- and post-operative unit, diagnostic imaging, six surgical suites, pharmacy and support services
- **Second Floor:** An expanded 26-bed emergency department, imaging, full-service laboratory, non-invasive cardiology, respiratory therapy, dietary services, support departments, administrative space, lobby and access to a new helipad

CON Action Number: 10519

- **Third Floor (patient):** A 12-bed critical care unit and a 30-bed step down unit
- **Fourth Floor (patient):** A 24-bed med/surg unit and an orthopedic gym

MRMC indicates that the hospital will be developed with future expansion in-mind and discusses how a fifth and sixth floor are intended to be maintained as shell space for the ability to add up to 34 beds. MRMC indicates that these additions will be determined by the demand for services and future programming.

The applicant states that the proposed TimberRidge Hospital is intended to serve the non-tertiary needs of the 18+ population within its defined service area which is outlined as follows:

Primary Service Area

- 34481 Ocala
- 34476 Ocala (*)
- 34473 Ocala
- 34432 Dunnellon (**)
- 34474 Ocala

Secondary Service Area

- 34442 Hernando
- 34431 Dunnellon
- 34482 Ocala
- 34434 Dunnellon

*P.O. Box 34477 is included in zip code area 34476

**P.O. Box 34430 is included in zip code area 34432

MRMC maintains that the only existing hospital within its defined service area is West Marion Community Hospital (Zip Code 34474). The applicant maintains that West Marion Community Hospital is consistently unavailable for the resident population. MRMC states that the West Marion Community Hospital Zip Code area is also the only area within its proposed nine Zip Code service area with an elderly population that is less than 26.0 percent of the adult population.

The applicant provides the following tables depicting forecasted discharges and patient days for the proposed service area which reflects both anticipated demand and reasonable market shares:

CON Action Number: 10519

TimberRidge Hospital Forecasted Discharges Ages 18+, Calendar Years 2021 - 2023					
Zip Code Area	2021 (Year 1)	2022 (Year 2)	2023 (Year 3)	Year 3 Discharges as Percent of Total	Year 3 Cumulative Discharges as Percent of Total
34481 Ocala	814	998	1,188	28.9%	28.9%
34476 Ocala	461	626	797	19.4%	48.2%
34473 Ocala	277	375	475	11.5%	59.7%
34432 Dunnellon	263	355	450	10.9%	70.7%
34474 Ocala	148	188	229	5.6%	76.2%
PSA Total	1,963	2,542	3,139	76.2%	-
34442 Hernando	106	161	218	5.3%	81.5%
34431 Dunnellon	91	138	185	4.5%	86.0%
34482 Ocala	65	110	156	3.8%	89.8%
34434 Dunnellon	72	110	130	3.2%	93.0%
SSA Total	334	519	690	16.8%	-
Total Service Area	2,297	3,061	3,829	93.0%	100.0%
Out of Area (7%)	173	230	288	7.0%	
Total Discharges	2,470	3,291	4,117	100.0%	

Source: CON application #10519, Page 176, Shaded values are incorrect.

Munroe HMA states that a 4.5 average length of stay (ALOS) was applied, while the actual 2017 ALOS for the Zip Codes within the applicant’s proposed service area derived from MS-DRG “non-tertiary” data was 4.56 days. The applicant states that the actual 2017 ALOS is higher due to high Medicare volume in the service area. A summary of the applicant’s forecasted patient days for the proposal is included below:

TimberRidge Hospital Forecasted Patient Days Ages 18+, Calendar Years 2021 - 2023			
Zip Code Area	2021 (Year 1)	2022 (Year 2)	2023 (Year 3)
34481 Ocala	3,663	4,490	5,348
34476 Ocala	2,077	2,818	3,585
34473 Ocala	1,247	1,686	2,137
34432 Dunnellon	1,183	1,599	2,025
34474 Ocala	664	845	1,031
PSA Total	8,834	11,438	14,127
34442 Hernando	477	726	982
34431 Dunnellon	410	620	834
34482 Ocala	294	496	703
34434 Dunnellon	324	493	585
SSA Total	1,505	2,336	3,104
Total Service Area	10,338	13,773	17,230
Out of Area (7%)	778	1,037	1297
Total Discharges	11,116	14,810	18,527

Source: CON application #10519, Page 177. Shaded values are incorrect.

MRMC states that the proposed hospital is forecasted to have an average daily census (ADC) of 30.5 patients and 46.1 percent average occupancy in the first year of operation and an ADC of 50.8 patients and occupancy

of 76.9 percent by the third year of operation. The applicant provides the following table to summarize discharges and patient days within the MRMC’s service area for the first three years of operation:

TimberRidge Hospital Summary of Forecasted Utilization Ages 18+, CY 2021 - CY 2023			
Zip Code Area	2021 (Year 1)	2022 (Year 2)	2023 (Year 3)
Discharges	2,470	3,291	4,117
Average Length of Stay		4.5	
Patient Days	11,116	14,810	18,527
Average Daily Census	30.5	40.6	50.8
Licensed Beds		66	
Occupancy Rate	46.1%	61.5%	76.9%

Source: CON application #10519, Page 178

Munroe HMA states that the volume results in a “weighted average” 13.0 percent market share within its targeted service area in year one and a 21.0 percent market share in year two.

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 one written statement of opposition (WSO) to CON application #10519 on May 4, 2018. The WSO was submitted on behalf of Ocala Regional Medical Center (ORMC), West Marion Community Hospital (WMCH) and Citrus Memorial Hospital (CMH), all in collective opposition to the proposed project. The reviewer notes that CMH is located in Citrus County (Subdistrict 3-5), within the same district but not subdistrict as the proposed facility. All three hospitals are operated by Hospital Corporation of America, Inc. (HCA).

Opposition to CON application #10519 states that the applicant has failed to meet CON Statutory Review Criteria for new general acute care hospitals as outlined in Section 408.035 Florida Statutes.

The opposition provides a historical overview of the previous application and litigation proceedings for CON application #10449 which was also submitted by Munroe HMA Hospital, LLC. The opposition blends historical determinations against CON application #10449 with criticisms of the current application. The opposition maintains that circumstances

CON Action Number: 10519

in the service area are essentially unchanged since the Agency denied CON application #10449 via final order and the differences, if any, between the current proposal and the previous proposal are minimal.

The opposition notes that it was recently announced that CHS, parent corporation of MRMC, plans to sell MRMC to Adventist/Florida Hospital subsidiary Florida Hospital Ocala, Inc. and as a part of the agreement the lease signed between CHS and the District will be assigned to Florida Hospital Ocala, Inc. HCA describes how this is different from Adventist/Florida Hospital buying Munroe HMA Hospital, LLC. The opposition determines that Munroe HMA Hospital, LLC, will no longer have any authority to operate MRMC or any of the district health care facilities and should AHCA approve CON application #10519, Munroe HMA Hospital, LLC, would be unable to implement the CON.

The opposition states that despite various assertions advanced in CON application #10519, circumstances in the service area are essentially unchanged since the submission and denial of CON application #10449. HCA provides a number of conclusions outlined in the denial of CON application #10449 that are considered noteworthy at the outset of consideration of the current proposal.

The opposition outlines the following newly presented elements of CON application #10519 in comparison to CON application #10449:

- That 63 of the 66 initial beds planned for the new facility will be delicensed from the existing Munroe Regional Medical Center downtown campus
- A new drive time study regarding hospital access
- A discussion of the needs of elderly drivers

HCA maintains that none of these elements individually or in combination establishes credible evidence of need for the project.

In response to the first new element, the opposition argues that the relocation of beds is a direct admission by the application that new beds are not needed in the subdistrict to meet the forecasted needs of the population through CY 2023. HCA considers the relocation of beds as an attempt by MRMC to garner market share, which is expected to result in an adverse impact on ORMC, WMCH and CMH which was noted as unacceptable in the final order to deny CON application #10449.

The opposition notes that the new drive time study in CON application #10519 does not demonstrate evidence of need for the project but confirms previous findings determined in CON application #10449. HCA states that these findings are that eight of the nine Zip Codes identified by the applicant as its service area are within a reasonable 30-minute accessibility standard. Furthermore, the applicant also indicates that

CON Action Number: 10519

the single Zip Code area that is not currently within that 30 minutes standard will only be improved by an average of two minutes through the presence of a new hospital at the TimberRidge ED location. HCA notes that previously this was deemed “far too little an improvement for far too few people” to warrant a new hospital and that this circumstance has not changed.

In response to the new third element introduced in CON application #10519, the opposition explains that the needs of elderly drivers must be considered in the context of reasonable accessibility to health care services for the entire population of any service area. Opposition notes there is no drive time standard for acute care accessibility in statute or rule, a standard of 30 minutes for 90 percent of the population was the standard previously used, presented and accepted in previous litigation. HCA concludes that this standard considers the needs of all elements of the population, including the elderly. The opposition maintains that the safety enhancements that the applicant contends will accrue to the community through approval of the project would be even greater if every resident of the subdistrict could walk to a hospital, yet a hospital within walking distance of every resident is not a reasonable standard. HCA maintains that accessibility was previously deemed reasonable by the Agency, accessibility has not changed. The opposition asserts that the safety enhancements proffered by MRMC in CON application #10519 do not relate to the need for health care services or accessibility to health care services.

HCA notes that the proposed hospital will be located on the site of the applicant’s freestanding emergency department with the same nine Zip Code service area spanning southwestern Marion County and northeastern Citrus County. The opposition states that there have not been any significant changes within the service area since the Agency denied the previous proposal submitted by Munroe HMA Hospital, LLC, the service area experiences robust competition with six existing acute care hospitals serving residents of the service area and the hospitals most proximate to the service area have more than adequate unoccupied beds to meet any increase in patient days for the foreseeable future, specifically through the year 2023.

HCA contends that the proposed facility will neither improve the accessibility or availability of acute care services nor quality of health care services for residents of the service area. The opposition provides a map depicting the proposed TimberRidge Hospital along with the locations of five of the six existing hospitals as well as the Summerfield freestanding ER serving the applicant’s proposed service area. The map provided depicts the applicant’s nine Zip Code service area superimposed

with the existing service area of WMCH and six additional Zip Code areas that ORMC and CMH believe will constitute a more accurate service area of a new hospital at the TimberRidge location.

HCA anticipates that the service area proposed in CON application #10519 will be larger than specified in the proposal and that the six additional Zip Codes are part of WMCH's SSA. The opposition notes that the six additional Zip Codes are in closer proximity to the proposed TimberRidge location than to WMCH, as HCA expects for the TimberRidge proposal to be a comparably sized facility to WMCH and to offer similar services. For these reasons, the opposition anticipates that the TimberRidge hospital will likely draw significant numbers of patients from those areas. Additional maps of the service areas of ORMC and CMH are provided in Appendix 2 of the WSO.

The opposition next evaluates the following points against the bolded statutory criteria.

(a) The need for the health care facilities and health services being proposed

and

(b) The availability, accessibility, and extent of utilization of existing health care facilities and health services in the service district of the applicant

HCA defines need in relation to the members of a community, region or population group served or to be served by new additional health facilities/services but not institution-specific needs of a particular health facility/service provider. The opposition concludes that while various circumstances and metrics were presented in CON application #10519 to indicate problems with access, the proposal did not provide documentation of actual patients who have not received necessary care in a timely manner, nor does it identify any community, regional or population group-specific need that is not now being met by existing hospitals. HCA discusses completed and future additions at ORMC, WMCH and emergency department renovations at MRMC's main campus that are anticipated to contain more than adequate capacity for the proposed service area far in advance of the projected implementation date of the proposed facility to meet all of the identified area need through, at least, 2023.

In review of “not normal circumstances” identified by the applicant, HCA determines that the applicant has either failed to understand the term as generally applied for health planning purposes in Florida or was unable to identify a true “not normal” circumstance in evaluation of need for the proposal.

The opposition reiterates that virtually all of the identified circumstances were examined in previous litigation proceedings for CON application #10449 and in general do not reflect need for an additional facility. HCA states that the arguments leveraged as evidence of need throughout the proposal are more evident of the following factors pertaining to the applicant:

- It can capture enough inpatient market share to make a hospital feasible
- The population in the area is growing and aging
- Ambiguous data regarding EMS transport and delivery in the county can be interpreted as an ongoing access issue
- Assertion in letters of support can substitute for sound analysis

The opposition states that communitywide need is assessed on a subdistrict basis and is not a question of whether a subset of Zip Code areas can support a new hospital. HCA maintains that there is sufficient capacity implemented and planned prior to the implementation date of the proposal (2023) that will more than adequately absorb any incremental demand or “net need” within the subdistrict. Opposition describes how circumstances in Marion County related to EMS patient delivery, delays, “wall times” and hospital diversion have markedly improved since the filing of the previous application. HCA states that ongoing actions by existing hospitals have improved and are anticipated to remediate circumstances and conditions beyond physical plant capacity constraints.

The opposition notes the following changes at WMCH and ORMC that are evidence of resource additions and capacity expansions that will continue to have a positive impact upon patient throughput and a recent downward trend for the EMS metrics cited:

West Marion Community Hospital

- Added 25 inpatient beds in April 2015
- Opened four new operating rooms and 12 additional ER bays in November 2017
- Added 44 additional acute care beds (36 med/surg and 8 ICU) on March 5, 2018
- Ongoing construction to shell space to accommodate an additional 36 acute care beds by mid-2019

Ocala Regional Medical Center

- 34 additional acute care beds under construction and scheduled for completion in April 2019 including two additional operating rooms anticipated to open January 2019 and 12 ER bays phased for implementation during 2019

HCA describes how a previous project planned for MRMC's existing campus would have added at least 34 acute care beds and resulted in 455 private rooms with a major emergency department renovation and expansion with new treatment and observation rooms. Opposition states that these changes were planned and attributed to continuous declines in utilization at the facility and the applicant's lack of confidence in its ability to attract sufficient patients to warrant the project.

The opposition notes that MRMC currently has a licensed inventory of 421 acute care beds and from July 2016 – June 2017 the facility experienced 52.0 percent occupancy which is anticipated to reflect an average of 201 beds available daily. For this reason, HCA determines that any diversion of emergency patients or delays in accessing beds are a function of a lack of staff and other issues—not a lack of physical capacity to treat patients within the existing facility.

HCA critiques the applicant's bed need analysis and alleges that the methodology ignores actual historical patterns of patient flows in and out of Marion County in favor of the wholly unsupported assumption that all patient days generated by Marion County residents in the future will be treated solely by Marion County hospitals. The opposition also determines that that this position ignores the existing geography, existence of attractive alternative hospitals nearby (e.g. UF Health Shands Hospital and The Villages Regional Hospital). HCA argues that the methodology assumes that all outmigration from Marion County will cease by the 2023 horizon date for a variety of services, not now or projected to be available in the county. The opposition underscores that the applicant's need methodology does not anticipate that existing patient flow patterns are likely to change in the future, the proposed hospital will offer services not currently available or that the proposed facility would otherwise alter historic patient flow patterns.

The opposition conducts a "net need" analysis and forecasts potential utilization/impact of the proposal on existing providers that is deemed more realistic with the following noted considerations:

- A determination of recent use rates by the area population
- Assessment of use rate and patient flow trends
- Expected growth among the identified service area population
- A projection of total patient days expected to be generated at the planned 2023 horizon date among the service area population

CON Action Number: 10519

- A determination of the total existing and known new bed capacity available and accessible to meet the identified service area need
- A comparison of available and new capacity against the projected needed capacity to determine the “net need”

HCA asserts that while there are similarities between the two analyses the HCA approach assumes that the existing patient flows into and out of Marion County will prevail through 2023. Opposition states that there is no evidence that these patterns have changed substantially in the recent past and there is no substantial change in the planned capacities or service mix among the existing Marion County hospitals that would precipitate such a change in the future. HCA notes that the proposed TimberRidge Hospital does not propose a mix of services that would draw patients who currently leave the country to obtain inpatient acute care nor does the application assert that the new hospital will cause or otherwise account for such a shift in patient preferences and utilization patterns.

The opposition maintains that the applicant provides two analyses, the first which employs use rates derived from the experience of Marion County residents, residents of other areas and those who actually used Marion County hospitals. Use rates were developed by age cohort based upon the AHCA discharge database for the 12-month period between July 2016 – June 2017 and the analysis is provided in the following table:

HCA Forecasted Bed Need Approach: Resident Use Rate Approach				
	0-14	15-64	65-74	75+
Subdistrict 3-4 Reported Patient Days*	257	79,311	42,801	60,968
Population of Subdistrict 3-4 January 1, 2017	55,459	204,409	54,986	44,406
Use Rate/1,000 Population	4.63	388.0	778.4	1372.97
Population of Subdistrict 3-4 July 1, 2023	59,832	220,971	64,085	55,846
Projected Patient Days	277	85,737	49,884	76,675
Combined Total		212,573		
ADC		582		
Bed Need at 75.0% Annual Occupancy		777		
Less 773 Licensed Beds		4		
Less 70 Planned/Approved/Underway Beds		-66		

Source: HCA WSO, Page 10. *Includes Marion residents discharged from Citrus Memorial

From this analysis, the opposition determines that in consideration of pending expansions within the subdistrict, there will be up to 66 surplus beds available in the subdistrict by the projected horizon date, which is deemed more than adequate to address identified issues such as seasonality and EMS delivery peak loads.

The opposition states that the second approach uses a broader measure of existing utilization based upon patient days of care provided by the

existing Marion County acute care hospitals during the most recent AHCA reporting period and as published in the January 2018 Hospital Bed Need Projections. HCA states that this database consolidates utilization by all age groups into a single set of patient days, thus preventing breakdown by age cohort. Opposition indicates that the reported utilization among Marion County hospitals includes non-residents of Marion County who in-migrate to the county to obtain care, or who fall ill while travelling through the county. The opposition states that implicit in this approach is that such in-migration will continue at similar proportions in the future. The findings of this analysis are provided in the following table:

HCA Forecasted Bed Need: Reported Use Rate Approach - All Ages	
Subdistrict 3-4 Reported Patient Days	181,043
Population of Subdistrict 3-4 January 1, 2017	359,260
Use Rate/1,000 Population	503.93
Population of Subdistrict 3-4 July 1, 2023	400,734
Projected Patient Days	201,943
ADC	553
Bed Need at 75.0% Annual Occupancy	738
Less 773 Licensed Beds	-35
Less 70 Planned/Approved/Underway Beds	-105

Source: HCA WSO, Page 11

The opposition notes that this approach results in a larger surplus of beds available by the 2023 horizon year, which reflects that there are ample beds available without a new facility to address any temporary or seasonal fluctuations in demand that may be experienced within the subdistrict. Opposition maintains that there are discrepancies in the applicant’s methodology with respect to assumptions about the utilization in acute care hospitals for patients with psychiatric diagnoses, the use of different sources for area population and the consideration of observation days as a multiplier of calculated need. HCA indicates that the applicant provides evidence of sufficient capacity within the subdistrict as evidenced by the proposal to delicense 63 beds at the existing MRMC campus and an analysis of bed need on page 71 of CON application #10519 which reflects a net need for 13 beds before considerations of planned expansions at WMCH which would result in a net need of -23 beds.

Opposition restates conclusions discussed in the litigation proceedings for CON application #10449 and provides an analysis related to the declining utilization at MRMC from 2014 – 2017 based on this evidence (HCA WSO, Page 13). Based on the analysis of declines in MRMC’s monthly occupancy within the periods noted, HCA determines that there is no reason to conclude the market share losses experienced by MRMC will be remedied by opening a new hospital in a different location or that

the patients MRMC has lost to other providers in the district will return to a MRMC facility such as TimberRidge.

The opposition notes that the service mix description (the restricted set of DRGs) discussed in CON application #10519 are self-imposed but not conditioned to approval of the application. HCA states that there is no assurance that the service mix would not be rapidly enlarged before the facility is opened. The opposition questions the expected patient draw/market share from each area to the new facility. Opposition maintains that the analytical basis presented to support the selected market share assumptions was proximity to competing hospitals and current market shares and that the applicant's projected market share analysis is inaccurate and underestimated.

In consideration of a larger service area, the opposition anticipates that forecasted patient days can be significantly larger than estimated. HCA indicates that the proposal includes plans for future expansion of up to 34 beds and that the proposal can expand even larger than noted.

(e) The extent to which the proposed services will enhance access to health care residents of the service district

HCA states that a broad consideration of all five hospitals currently serving the population of south Marion County area leads to the conclusion that existing health care facilities and services are available and accessible and that the extent of utilization indicates that existing facilities have or will have abundant capacity to absorb the expected additional patient days. Based on this evaluation, HCA concludes that the applicant has failed to meet this statutory criterion.

The opposition asserts that MRMC provides little analysis of the availability and extent of utilization of the existing supply of general inpatient acute care beds actually available, under construction or planned to address the needs of the population anticipated to be served by the proposed hospital in CON application #10519.

Based on an analysis of the existing licensed inventory of 1,069 licensed acute care beds at MRMC, ORMC, WMCH, CMH and Seven Rivers Regional Medical Center which experienced an occupancy of 64.0 percent for the 12-month period ending in June 2017, a resultant average of 386 unoccupied beds were available for residents to be served by the proposed hospital.⁴ The following table reflects this analysis:

⁴ The reviewer notes that the opposition previously identified Seven Rivers Regional Medical Center and Citrus Memorial Hospital as hospitals outside of the service area and Marion County but within additional zip codes outside of the applicant's service area that may also be served by the applicant's proposal (HCA WSO, Page 3).

CON Action Number: 10519

Acute Care Hospital Bed Utilization: Marion and Citrus County July 2016 - June 2017					
Hospital	Acute Beds	Bed Days	Patient Days	Percent Occupancy	Empty Beds
Munroe HMA	421	153,665	80,273	52.2%	201
West Marion Community Hospital	94	34,310	31,578	92.0%	7
Ocala Regional Medical Center	222	79,878	69,192	86.6%	30
Citrus Memorial Hospital	204	74,460	43,455	58.4%	85
Seven Rivers Regional Medical Center	128	46,720	23,990	51.3%	62
Area Hospital Utilization	1,069	389,033	248,488	63.9%	386

Source: HCA WSO, Page 15

The opposition notes that a restriction of this analysis to the three acute care facilities within Marion County would result in 238 available unoccupied beds for the same time-period, which is determined by HCA to be sufficient to absorb additional patient days expected from prospective population increases.

Along with the analysis provided above, HCA notes that no occupancy standard exists in statute or rule relative to inpatient acute care beds therefore establishing a reasonable occupancy standard requires consideration of a variety of potential variables such as the population to be served, anticipated ALOS, seasonal population influx, seasonality of various medical conditions and peak daily demand among others. The opposition states that an acceptable occupancy standard for general acute care beds is in the range of 70 to 80 percent and the 75 percent occupancy standard used in MRMC’s application is reasonable to apply overall in assessing available beds at existing providers.

HCA maintains that despite MRMC’s assertion, the proposal will not significantly improve geographic accessibility for residents of the identified service area. Opposition states that without regard to the drive-time analysis that MRMC included in CON application #10519, the proposed new facility will not improve driving distance or average times for the vast majority of residents of the proposed identified service area—which confirms previous conclusions that virtually all residents will remain within reasonable drive time accessibility without the new proposed TimberRidge Hospital.

The opposition critiques the drive-time analysis conducted by MRMC in CON application #10519 and notes that the drive time analysis was conducted between 3-7 pm, a relatively more congested portion of the day. HCA maintains that the results of the analysis show that residents have good access to existing facilities. HCA also states that another flaw of the analysis is that the analysis compared the TimberRidge location with each of the primary competitive hospitals individually as opposed to evaluating the actual accessibility of TimberRidge location in comparison to all of the competitive facilities in aggregate. Opposition states that the

proposed facility will not be an alternative to each existing facility individually as if the others do not exist when all facilities should be considered collectively.

Based on the conventionally accepted drive-time or distance standard of 30 minutes or less for most area residents (90.0 percent), the opposition notes that only one of nine Zip Codes in the applicant's service area (34431) is more than 30 minutes from an existing hospital (32 minutes). The opposition determines that a hospital at TimberRidge would offer a two minutes average drive time improvement to residents of zip code 34431. For the other eight Zip Codes HCA notes that the study results show that drive times are six to 26 minutes of an existing acute care hospital. The geographic analysis provided for CON application #10449 is provided in Appendix 3 of the HCA WSO.

The opposition recounts the announcement of the intent of CHS' plans to sell MRMC to Adventist/Florida Hospital subsidiary Florida Hospital Ocala, Inc. and determines that Munroe HMA Hospital, LLC will no longer have any authority to operate MRMC or any District 3 health care facilities. The opposition determines that should AHCA approve CON application #10519, Munroe HMA Hospital, LLC would be unable to implement the CON, with consideration that CON application #10519 is conditioned on being located at the site of the TimberRidge ED, which will soon be operated by Florida Hospital Ocala, Inc. (Appendix 1, WSO).

HCA notes that while the assignment of the lease is not set to occur until the third quarter of 2018 and that plans are not final, the tremendous amount of uncertainty regarding Munroe HMA Hospital, LLC's ability to implement the CON calls into question the extent to which the proposed services will enhance access to health care for residents of the service district.

The opposition states that CON application #10519 references support for the approval of the project is dependent on CHS/Munroe HMA Hospital, LLC, as the applicant which will be irrelevant if MRMC is operated by Florida Hospital Ocala, Inc., a subsidiary of Adventist/Florida Hospital. HCA states that the applicant includes operational and financial issues as support for the approval of the proposed project which will be meaningless if the lease is assigned to Florida Hospital Ocala, Inc.

Impact on Existing Acute Care Hospitals

HCA reiterates that projected market shares, service area, expansions for the TimberRidge proposal and the service mix description may extend beyond the projections noted in CON application #10519. The opposition provides the following analysis with the inclusion of six additional Zip

CON Action Number: 10519

Codes beyond the applicant’s proposed service area in order to forecast the potential impact of the proposal. A table summarizing this analysis is included below:

TimberRidge Hospital Proposed Service Area with Six Additional Zip Codes			
Hospitals	Patient Days w/out TimberRidge	Patient Days With TimberRidge	Difference
Citrus Memorial	16,269	13,723	-2,546
Munroe Regional	31,683	26,725	-4,959
Ocala Regional	20,092	16,947	-3,145
Seven Rivers	7,269	6,131	-1,138
Shands Gainesville	9,550	8,055	-1,495
West Marion	23,100	19,484	-3,615
Other Hospitals	23,692	19,984	-3,708
TimberRidge	0	20,605	20,605

Source: HCA WSO, Page 19

Based on this analysis, the opposition states that the new facility patient days attributable to residents of the proposed service area in 2023 would be expected to equal 20,605 patient days (85.0 percent occupancy) in comparison to the 17,230 patient days arising from the nine Zip Code area proposed in CON application #10519. HCA notes that all additional days are derived from the six additional Zip Codes included in the analysis. From the forecasted patient days, the opposition expects for the proposed facility to require the 34-bed expansion noted in CON application #10519.

The opposition states adverse impact upon these existing providers of inpatient acute care services to area residents, while offering no meaningful improvement in access for those same residents. A financial impact analysis for these patient days is included in Appendix 4 of the WSO. The impact analysis includes inpatient and outpatient services.

HCA states that this is a conservative projection of actual expected patient days to be lost at each facility below what each facility could reasonably expect to perform in the absence of the new facility. Opposition explains that MRMC’s projection of its capture of admissions and resulting patient days is predicated upon the number of patients being transferred from TimberRidge to MRMC increasing in future years. HCA states that the most recent experience is a decline in such transfers attributable to a variety of factors including the opening of Ocala Health’s freestanding ER in Summerfield, increase in acute care bed capacity, operating rooms and ER bays at WMCH and additional ER capacity at ORMC. HCA states that MRMC asserts that the reduction in transfers has stabilized at the current level and will resume its previous upward trajectory. The opposition determines that it is premature to conclude this assumption in light of enhancement plans at neighboring facilities which could facilitate a downward trend of transfers from TimberRidge to MRMC. In the event that the number of transfers remains flat from the

present to 2023, HCA anticipates that the number of patient days that are to be acquired from existing facilities in order for TimberRidge to achieve its anticipated utilization would be considerably higher than presented in the application.

Another adverse impact evaluated by the opposition to the proposal is the increased competition for staff members in the service area, like physicians and nurses. The opposition counters MRMC's assertion that the new facility will result in "minimal impact" on other area hospitals because a considerable portion of the necessary professional staff required to operate the proposed hospital are already on staff at MRMC and/or already reside within the identified service area of TimberRidge and will simply be relocated. Again, the opposition blends conclusions from the final order to deny CON application #10449 and determines that little has changed relating to staffing or personnel within the area. HCA determines that even if some existing staff are successfully relocated from MRMC's existing campus to TimberRidge, substantial numbers of new staff will still be required to meet the additional need generated by the new facility. Opposition does not anticipate that the applicant can achieve economies of scale that will minimize competitive staffing pressures by operating the same number of beds on two campuses.

HCA determines that MRMC has much less control of its existing and potential future staff members than represented in its application and determines that nurses and physicians must be continuously recruited to keep MRMC's existing campus operating at a reasonable effective level. For this reason the opposition expects for additional recruitments at TimberRidge to significantly exceed the levels at which MRMC currently competes with other area hospitals for a pool of limited available staff members.

The opposition comes to the following conclusions related to accessibility:

- The proposed hospital will result in no appreciable improvement in geographic accessibility for approximately 98 percent of the total population it expects to serve
- Any improvement provided will be so minimal as to be insignificant from an access or quality of care perspective
- The potential meaningful improvement in geographic accessibility will affect a small fraction of the planned total service area population

HCA determines that resultant adverse impact on area providers is unnecessary and unacceptable given that the proposal is expected to have minimal improvement in geographic accessibility for only a small proportion of all anticipated service area residents and no issues

attributable to geographic accessibility. Opposition concludes that no credible support for the proposal was provided based on the lack of availability or accessibility or high extent utilization by area residents.

(g) The extent to which the proposal will foster competition that promotes quality and cost-effectiveness

The opposition counters the applicant’s assertion that the proposal will offer competition to promote quality and cost-effectiveness and discusses how charge information is not typically helpful to patients as adjustments and contractual discounts are made with 3rd party payers or set directly by governmental payers. HCA states that very few patients are self-pay and payments are typically less than charges, therefore charge information is not relevant in their decision-making. The opposition notes the Agency’s notes on charges documented on FloridaHealthFinder (HCA WSO, Pages 21 – 22). HCA indicates that MDSave requires pre-payment and may not be helpful to populations who are unable to afford health insurance or payments for the program.

The opposition provides an analysis of the payer source of MRMC, ORMC and WMCH for the proposed service area below:

Patient Days TimberRidge 15 Zip Code Service Area Non-Tertiary DRGs as Defined by Munroe HMA Ages 15+										
Payer Source	CMH	Percentage	MRMC	Percentage	ORMC	Percentage	WMCH	Percentage	Grand Total	Percentage
Medicaid	504	3%	701	2%	546	3%	279	1%	2,030	2%
Medicaid HMO	858	6%	1,591	5%	1,383	7%	1,102	5%	4,934	6%
Self-Pay	583	4%	1,517	5%	972	5%	783	4%	3,855	5%
Non Pay	200	1%	224	1%	213	1%	168	1%	805	1%
Total	2,145	14%	4,033	14%	3,114	17%	2,332	11%	11,624	14%
Medicare	7,824	52%	14,255	49%	7,283	39%	10,953	51%	40,315	48%
Medicare HMO	3,244	22%	3,623	12%	5,036	27%	5,681	27%	17,584	21%
Commercial	1,360	9%	6,905	24%	2,468	13%	1,909	9%	12,642	15%
All Other Payers	470	3%	480	2%	677	4%	484	2%	2,111	3%
All PMT Sources	15,043	100%	29,296	100%	18,578	100%	21,359	100%	84,276	100%

Source: HCA WSO, Page 22

HCA underscores the provision of Medicare, Medicare managed care and commercial insurance which constituted 84.0 percent of the inpatient care delivered to residents of the opposition identified a 15 Zip Code service area. The opposition notes that MRMC expects to capture 24.0 percent of its patient days from service area residents which are a commercially insured population—a proportion found to exceed the overall average for residents in the area.

HCA determines that the anticipated cost benefits the applicant expects to result from a reduction or elimination of interfacility transports from TimberRidge freestanding to existing hospitals, principally MRMC, do not reflect need for a new hospital. Opposition notes that to the extent that

the circumstances have changed is even more beds are available at WMCH thereby potentially reducing both the need for transfers and the necessary distance to an existing inpatient facility. HCA does not expect for the proposal to result in savings that will mitigate the competitive recruitment and retention pressures associated with the new facility.

The opposition offers an analysis of the volume of patient discharges from July 2016 – 2017 across facilities previously identified to serve the opposition identified 15-Zip Code service area (including Seven Rivers Regional Medical Center, UF Health Shands Hospital and all other Florida hospitals) which purportedly encompasses the applicant's realistic proposed service area. HCA determines that this analysis demonstrates that the service area is already well-served by several competing hospitals. In all but one of the 15 Zip Codes presented in the analysis, the opposition notes that either ORMC, WMCH or CMH is the dominant provider (48.0 percent of routine patient days delivered to adult residents). HCA does not anticipate a competitive benefit from implementation of the proposal.

(l) The applicant's past and proposed provision of health care services to Medicaid patients and the medically indigent

In review of the proposal's capacity to serve Medicaid or medically indigent patients, the opposition notes that MRMC neither contends that any problems of availability or accessibility regarding Medicaid patients or the medically indigent exist nor states that the proposal is necessary to remedy any such issues. HCA states that the applicant only commits to continue to provide care to Medicaid and medically indigent patients. Opposition notes that the current proportion of patients within this payer group is higher than the applicant's Medicaid condition (13.0 percent).

In review of the applicant's provision of care to Medicaid and medically indigent, HCA notes that MRMC is the only hospital within the subdistrict to provide obstetrics and pediatrics—services that are largely reimbursed by Medicaid. The opposition notes that neither obstetrics nor pediatrics are planned at TimberRidge Hospital. Opposition provides an analysis of the inpatient utilization experienced within the 15 Zip Code service area (limited to adults and services to be proposed at the hospital) across providers serving the area to determine that the applicant is not a disproportionate provider of Medicaid and charity care. The table summarizing this analysis is provided below:

Medicaid, Medicaid HMO, Self-Pay and Non-Pay - 15 Zip Code Area								
Payer Source	MRMC	Percentage	ORMC	Percentage	WMCH	Percentage	Grand Total	Percentage
Medicaid	546	2%	260	2%	329	2%	1,135	2%
Medicaid HMO	1,000	4%	699	6%	505	3%	2,204	4%
Self-Pay	708	3%	710	6%	657	4%	2,075	4%
Non Pay	44	0%	112	1%	124	1%	280	1%
All Medicaid/Self/Non-Pay	2,298	9%	1,781	14%	1,615	10%	5,694	11%
All Sources	25,254		12,511		16,244		54,009	

Source: HCA WSO, Page 24. The opposition states that KidCare which was included in the MRMC analysis has been excluded because no pediatric services are planned at the TimberRidge Hospital

In conclusion, HCA does not agree that need for the project has been demonstrated based upon the availability or accessibility of inpatient acute care beds to Medicaid or indigent care patients residing in the proposed service area of the applicant. Opposition to the proposal does not anticipate that implementation of the proposal will contribute to the provision of services to Medicaid and medically indigent patients.

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.

Munroe HMA, LLC, responded to the WSO authored by HCA on May 14, 2018. MRMC notes that ORMC and WMCH are within the same subdistrict as the applicant, CMH is in a different subdistrict than the applicant and only WMCH is within the defined TimberRidge Hospital service area, indicated in CON application #10519.

The applicant contends that the services defined in CON application #10519 are reasonable and conform with the statutory requirements of defining a service area based on Zip Code areas in descending order which aggregate to the PSA being 75 percent and the SSA representing additional contiguous Zip Code areas aggregating some or all of the remaining discharges, generally between 15 and 20 percent.

MRMC describes TimberRidge as an already available and accessible access point for emergency services which has significant patient utilization each year from its service area. The applicant states that the defined service area represents 93.0 percent of the forecasted TimberRidge Hospital discharges and all other discharges (seven percent) from contiguous Zip Codes or visitors to Marion County.

The response states that the applicant provided the Agency with factors and circumstances evidenced within the subdistrict and defined service area to justify approval of TimberRidge Hospital including: existing occupancies of the subdistrict hospitals, access challenges demonstrated within the service area, extensive utilization and annual number of transfers from TRED to hospitals outside of the service area which result in more than 50.0 percent of the forecasted admissions at TimberRidge Hospital. The applicant maintains that MRMC will achieve its strategic initiative of an all private room hospital with TimberRidge Hospital's approval and implementation. The response contends that some of these factors independently indicate approval and collectively necessitate approval.

Possible Transaction Involving the Applicant

The applicant notes that the opposition identifies the potential acquisition of the applicant by Florida Hospital as a reason to deny CON application #10519. MRMC states that Munroe HMA Hospital, LLC, and Florida Hospital are currently in the due diligence phase of the transaction to assume control of the assets of the applicant and it is anticipated to close later in CY 2018.

The applicant contends that the TimberRidge Hospital CON application will be an asset that belongs to Munroe HMA Hospital, LLC, and that HCA does not have knowledge of the detailed structure of the transaction and argues against the suggestion that a lease assignment (as noted in the opposition statement) will invalidate CON application #10519 if approved to Munroe HMA, LLC, and the transaction is completed. The applicant states that collectively, Munroe HMA Hospital, LLC, CHS and Florida Hospital will ensure the transaction is structured to preserve the ultimate integrity of CON application #10519 in order to establish TimberRidge Hospital at the TimberRidge ED site. The response indicates that this is due to TimberRidge Hospital not being institution-specific but based on defined service area needs.

Final Order for CON application #10449

In response to the opposition's argument that both CON application #10449 and CON application #10519 and the demonstration of need for both proposals are the same, MRMC states that, while there are some similarities between CON application #10449 and CON application #10519, the projects are not the same with the current project having specific foundational support that meets the statutory criteria that may not have been present in CON application #10449. The applicant provides the following list of additional and differentiating factors between the two proposals:

- Almost all (63 of 66) of the proposed acute care beds are already licensed and will be transferred from MRMC, thereby adding only three new beds to the subdistrict.

CON Action Number: 10519

- The proposed TimberRidge Hospital and MRMC will be all private room hospitals as a result of the proposed project. This factor will foster competition that enhances quality and cost effectiveness.
- In the 18 months since the filing of the first TimberRidge Hospital CON application, occupancies at existing hospitals in the subdistrict have continued to increase beyond acceptable and accessible norms despite the bed additions referenced—the applicant provides detailed census information at the subdistrict hospitals which was not available nor included in the CON application #10449.
- The applicant has incorporated a traffic study conducted by Traffic and Mobility Consultants, a central Florida traffic engineering firm, which presents a current travel time study, analyzed future population growth patterns and prepared travel time/delay traffic projections from service area Zip Codes which was not included in CON application #10449.
- The applicant has retained Dr. Nikiforos Stamatiadis, accepted as an expert in civil engineering with an emphasis in traffic and transportation engineering and a specialized focus in the problems of elderly drivers, to present information on elderly driving patterns, evaluate crash data for the general population versus elderly drivers and also conduct an analysis of the benefits of the TimberRidge Hospital location on the incidence of elderly drivers and all driver crash patterns. The crash study shows a clear potential reduction in crashes of all drivers if the proposed TimberRidge Hospital is approved when it is compared to the three existing hospitals in Marion County. The information presented by Dr. Stamatiadis and its conclusions with the availability of TimberRidge Hospital were not provided in the initial CON application and are additional factors for consideration when assessing barriers to access.
- Presentation and analysis of Marion County executives forecast of future housing and population potential on county lands in western Marion County and the impact this will have on the need for additional acute care beds in the planning horizon. The initial CON application solely relied on Claritas population data.
- Detailed analysis demonstrating the majority of initial clinical staff at TimberRidge Hospital will be derived from existing MRMC employees. The staffing plan and derivation of the TimberRidge Hospital staff was not presented in the initial CON application
- Presentation demonstrating TimberRidge Hospital will not adversely impact CMH, specifically in terms of physician recruitment.
- Enhanced standardization of reporting and documentation by Marion County Fire Rescue EMS of delays in patients accessing hospital treatment in the emergency room to demonstrate reasonable access is not being achieved for a substantial portion of patients being transported to area hospitals by EMS.

The response states that CON application #10519 is a project involving the transfer of 63 beds from downtown Ocala to western Marion County and the addition of three new beds, which is clearly a different project scope than the one presented in the initial CON application. The applicant states that new analyses have been presented in more detail and reasonable supporting analysis meets statutory review criteria. The response maintains that this information was not considered in the initial application.

Service Area Definition and Issues

The applicant indicates that the service area is defined in accordance with the Agency's definition and requirement for a general acute care hospital. MRMC details how the HCA WSO maintains that the TimberRidge Hospital defined service area should constitute 15 Zip Codes instead of the nine Zip Codes provided in the application but the opposition does not identify the six additional Zip Codes. MRMC notes that the map provided on page five of the HCA WSO lacks Zip Code references. For this reason, the applicant reproduces the map with Zip Code references superimposed on the geographic region on page seven of the response statement.

The applicant suggests that the methodology used by the opposition presumably applies market share to volumes in the additional Zip Codes in order to suggest that TimberRidge Hospital forecasted discharges are understated and additional discharges that were not accounted for in the application. MRMC notes that the HCA WSO provides a conclusion of total patient days (not discharges) but does not provide market discharge volume by Zip Code, market share by Zip Code or any other information about these Zip Codes. The response notes that the HCA WSO adds incremental volume to the number of patient days the applicant provides in the forecast of discharges within the defined PSA and SSA which had already been added (at 7.0 percent) by the applicant.

The applicant provides the following table comparing the CON application forecasted volume to the projections extracted from the HCA WSO. MRMC converts the HCA WSO patient days to discharges for comparative purposes in order to demonstrate the stated unreasonableness of the HCA WSO in suggesting that these additional Zip Codes generate sufficient discharges to include them in the defined TimberRidge Hospital service area.

CON Action Number: 10519

CON application #10519 - Year Three Forecasted Discharges/Patient Days with HCA WSO Service Area Expansion Contrast				
Zip Code Area	CON Application #10519		HCA DWSO	
	2023 - Year 3 Discharges	2023 - Year 3 Patient Days	HCA Stated Patient Days (*)	Discharges Based on HCA Stated Patient Days
34481 Ocala	1,188	5,348	5,348	1,188
34476 Ocala	797	3,585	3,585	797
34473 Ocala	475	2,137	2,137	475
34432 Dunnellon	450	2,025	2,025	450
34474 Ocala	229	1,031	1,031	229
PSA Total	3,139	14,127	14,127	3,139
34442 Hernando	218	982	982	218
34431 Dunnellon	185	834	834	185
34482 Ocala	156	703	703	156
34434 Dunnellon	130	585	585	130
SSA Total	689	3,104	3,104	690
Total Service Area	3,828	17,230	17,230	3,828
Out of Area/All Other	288	1,297	3,375	750
Total Discharges	4,117	18,527	20,605	4,579

Source: Munroe HMA, LLC Response to WSO, Page 8 (*) HCA stated patient days are from its DWSO pages 18 and 19. Shaded values are incorrect.

MRMC determines that an analysis of Zip Codes in surrounding areas and potential market shares associated within those Zip Codes confirms each of the surrounding Zip Codes will not generate sufficient discharge volume at the proposed hospital to be categorized as a service area Zip Code and instead are grouped by the applicant into “out of area” or “all other.”

The applicant argues that HCA uses patient days in its analysis in order to demonstrate a dramatic delta (Δ) and impact by including additional Zip Codes in its analysis. With an ALOS of 4.5, MRMC notes that HCA forecasts 462 additional cases from these additional six Zip Codes. The applicant determines that this estimate is not plausible or reasonable for reasons that have been condensed below:

- The additional Zip Codes identified by HCA hospitals have quite limited adult non-tertiary utilization by Marion County hospitals. Specifically, MRMC has 4.6 percent market share, ORMC has 3.5 percent market share and WMCH has 1.9 percent market share. The actual number of discharges these Zip Codes, in aggregate, generate less than the TimberRidge Hospital “all other” of 288 discharges for Marion County hospitals.

- The additional Zip Codes identified by the HCA WSO are clearly an attempt to identify Zip Codes in which CMH has meaningful market share. Depending on the Zip Code, MRMC draws between 1.6 and 4.5 percent market share from these areas (between 18 and 62 cases) and WMCH draws between 0.7 and 1.5 percent market share (between 11 and 21 cases). The response states that if TimberRidge Hospital were to obtain 1.0 to 2.0 percent market share (like WMCH) in these three Zip Code areas, that would represent only 10 – 30 discharges in each of these Zip Codes which do not rise to the level of an SSA Zip Code

The applicant cites discrepancies with the additional Zip Codes the HCA opposition statement advances for consideration. The applicant states that the six additional Zip Codes identified on page 23 of the HCA WSO are different from the six additional Zip Codes identified on page 5 of the HCA WSO. Despite the differences, the applicant maintains that these Zip Codes do not rise to the level of service area definition but within the “all other” and “out of area” definition due to the low market shares in these Zip Codes. The response states that the applicant completed an analysis of adult non-tertiary discharges by Zip Code for each of the HCA hospitals and MRMC, the analysis revealed that Marion County hospitals rely in a very limited capacity on each of the Citrus, Sumter and Levy County Zip Codes identified by the HCA WSO, proving the Zip Codes should not be part of the proposed TimberRidge Hospital service area but included in the “all other” portion of the service area.

MRMC determines that given that there are two different sets of “additional Zip Codes”, the opposition’s impact analysis cannot be relied upon as the underlying information and the resulting analysis cannot be recreated or derived from the HCA WSO. The applicant states that it is unreasonable to adjust discharges upward with no apparent reason and concludes that it is apparent that the HCA hospitals did not conduct a thorough evaluation of the migration patterns of residents or the geographic location of each of the “additional Zip codes”.

Discharge versus Patient Days

The applicant restates the proportion of discharges forecasted across its defined service area and states that the proportion of discharges is based on market dynamics and forecasted discharges into the planning horizon, consistent with ss. 408.037(2), Florida Statutes. The applicant maintains that the HCA opposition statement suggests forecasted utilization should identify patient days in a geography and apply a patient day use-rate to arrive at future utilization which is inconsistent with health planning metrics and experts, Florida Statutes regarding utilization and the Agency’s ongoing evaluation/conclusions relative to hospitals/health care services inpatient utilization. MRMC states that payors representing the majority of hospital utilization (including Medicare or Medicaid) reimburse hospitals on a discharge basis.

The response states that a third party's forecast utilization patient days creates an inability to identify discharges by payor, reimbursement by payor and fails to incorporate any medical treatment/reimbursement trends which may impact a hospital's gross and net revenues, ALOS and utilization. MRMC determines that HCA's forecast of patient days, impact and other factors associated with "this failed analysis and its inappropriate methodology" can be discounted.

Statutory Review Criteria

MRMC states that CON application #10519 demonstrates need for the proposal and, on balance, the application satisfies statutory review criteria which warrants approval. The applicant states that the proposal is not institution-specific and is based on the needs of the defined service area.

MRMC contends that HCA's WSO attempts to mitigate one of the bed need methodologies presented in the CON application which is based on the health care needs of Marion County residents and their utilization of acute care hospital beds—suggesting that only Marion County residents' use of Marion County hospitals should be considered. The response states that accepting this premise does not account for both in-migration and out-migration which are common occurrences within the subdistrict. MRMC argues that the HCA analysis eliminates outmigration but does not consider in-migration thereby leaving out approximately 20.0 percent of patients who utilize Marion County hospitals.

The applicant states that the HCA WSO uses a factor of 75.0 percent to convert the census to needed beds and that reducing the factor to 70.0 percent results in a near 10 percent increase in total bed demand. MRMC criticizes HCA's disregard for acute psychiatric patients who are occupying med/surg beds in the county, since these patients may be admitted for medical treatments associated with their mental health independently of the addition of beds in freestanding psychiatric facilities.

The response states that neither of the subdistrict's HCA-owned hospitals have designated observation units. MRMC contends that observation patient status clearly demonstrates the upward pressure and impact on occupancy levels and available beds as observation patients are occupying inpatient beds. The applicant determines that discounting the observation census is a significant omission in the HCA WSO.

MRMC determines that the opposition does nothing to present data to refute the various health planning metrics presented in CON application #10519 and the WSO fails to reference an analysis that considers the volume of patients presenting at TimberRidge ED, the number of

transfers from TimberRidge ED out of the service area, the associated excessive travel time to reach an available hospital and the impact on the health care infrastructure including Marion County Fire Rescue, among other factors presented.

Extent of Utilization

The applicant maintains that existing occupancies in the subdistrict are among the highest in the state. MRMC states that the HCA WSO attempts to dilute the existing occupancies by including hospitals from other subdistricts in its occupancy charts and disregarding the utilization at HCA hospitals relative to observation patients. The applicant states that existing occupancies support need for an additional hospital even when considering the current proposed bed additions within the subdistrict. The applicant states that the proposal will only add three beds to the subdistrict which will satisfy service area need while adding few beds to the subdistrict's licensed bed count.

Munroe HMA determines that the extensive occupancy information and observation patients occupying acute care beds presented in extreme detail in the application, demonstrate need for the proposed TimberRidge Hospital. The applicant expects for forecasted population growth to exacerbate the situation and while population projections from BEBR and Marion County executives reflect even greater need for the proposal.

The response states that the only hospital with lower occupancy and available beds is MRMC. The applicant expects for the proposal to accomplish a 100.0 percent all private-bed goal at MRMC and result in an increase in occupancy and decrease in vacant beds.

Availability and Accessibility

MRMC addresses the opposition's assertion that hospital bed need is based on a subdistrict computation and notes that as required by Statute and Rule, a new general acute care hospital defines its service area by the number of Zip Codes comprising its PSA and SSA. For this reason, the applicant states that it is incumbent upon the applicant to self-define a service area and demonstrate the need criteria based on that definition. The applicant maintains that travel time studies, crash data and EMS bed delay data confirm the lack of availability of beds within the subdistrict and the defined service area in addition to testimonial evidence from first responders.

MRMC identifies delays to treatment and excessive costs which result in geographic, programmatic and other access barriers as evidence of need.

The applicant argues that opposition attempts to minimize and/or disregard these factors and allege that the CON application did not document delays in access to care. The applicant reiterates that EMS data independently demonstrates delays in access to care for patients who wait more than 30 minutes to receive treatment following EMS transport.

The applicant states that barriers to access for residents of the applicant's defined service area are extensively documented and should be evaluated based on their documented experience as presented in the application. The response states that the opposition statement challenges EMS bed delay statistics. Despite HCA's arguments that EMS issues have been resolved, the applicant reiterates that there is insufficient capacity, given the utilization of existing and proposed beds. MRMC highlights HCA's failure to question or challenge the validity of EMS medical call data, the EMS interfacility transport data, the EMS diversion data or the underlying EMS bed delay data.

MRMC maintains that the application confirms a bed capacity issue and acknowledges that bed delays are "down" to an extent in light of the opposition's arguments as a result of EMS standardization of bed delay information based on 30-minute standards as opposed to greater than 20 minutes. However notwithstanding this change, the applicant argues that bed delays are problematic in the subdistrict and service area. The response states that details of this analysis are included in CON application #10519 and underlying documents.

The applicant also states that the HCA WSO fails to refute the following points of the applicant's detailed analyses:

- TimberRidge ED utilization, number of current and forecasted transfers to other hospitals and the benefit for patients presenting at TimberRidge to be treated at TimberRidge thereby avoiding delay in treatment.
- EMS interfacility transfer logs were not questioned in the context of community need.
- High occupancies at existing facilities, including seasonality and observation utilization, in the subdistrict were not refuted.
- Diversion times and hours demonstrate beds are not available. The opposition statement did not challenge any of this data.
- Bed delays/wall times are not specifically challenged and the claim there is recent improvement does not translate into no need for the proposed facility.
- Geographic inaccessibility demonstrates travel times to existing hospitals is excessive.

CON Action Number: 10519

- Crash avoidance, particularly by seniors, is another important factor of the underlying service area circumstances—a safety gain that improves the health status of service area residents and proves that the proposed hospital will foster competition that improves quality.
- EMS medical calls in the defined service area demonstrate substantial utilization of which the majority are transported out of the area to geographically inaccessible hospital beds which may be on diversion or have bed delays in process.

The applicant states that there are only three hospitals serving the subdistrict, countering HCA’s assertion that there are five hospitals serving the area. MRMC states that the additional hospitals included as competition to the proposal have empty or vacant beds and do not generally serve Marion County adult non-tertiary residents as demonstrated by the following facts:

- CMH admitted just 165 adult non-tertiary patients out of a total of 10,455 this past year (1.6 percent of its total discharges)
- Seven Rivers Medical Center is 30 to 40 minutes further west of CMH
- Regional Hospital (Levy County hospital) admitted just 26 Marion County cases in the most recent calendar year

Based on the points noted above, MRMC concludes that there is no rationale to include the additional hospitals in the TimberRidge competitive analysis and opposition only included these facilities with lower occupancies in contrast to Marion County’s comparative occupancies. Similarly, the applicant maintains that there is no basis for the inclusion of the additional Zip Codes or hospitals on an individual or comparative basis and patient migration patterns do not demonstrate that Marion County residents generally travel to Levy and Citrus County for non-tertiary services.

In addition to the analysis above, MRMC states that HCA does not concede that the “two HCA Hospitals” are at unmanageable occupancies on average. The applicant states that quarterly occupancy historically has shown that seasonal months are greater for HCA hospitals, but evidence of seasonality is dissipated due to the already high occupancies. The applicant states that only MRMC, has available beds but many of these beds are semi-private and operated as private—the applicant also maintains that there are no bed additions at MRMC as the opposition argues.⁵ The response also states that diversion, bed delays and wall

⁵ The reviewer notes that CON application #10519 indicated that the proposal has capacity for an additional 34 beds, the opposition noted the capacity for expansion of the proposal as presented in CON application #10519 and not through a traditional expansion of the existing MRMC campus through an acute care notification process.

time data show that HCA facilities are not available on a regular programmatic basis and geographically inaccessible due to excessive travel times.

Forecasted Utilization

The applicant states that statutory criteria is not necessarily formula-based and includes quantitative and qualitative data that can be supported by acceptable health planning metrics. MRMC attests that the application has documented access barriers to an extent that has impacted the defined service area in the form of actual diversion, bed delays, interfacility transports, transfers and other associated data along with continuing trends. The applicant maintains that high occupancies and the impact on these factors demonstrate a lack of bed availability.

The response states that the forecasted utilization in the CON application within the defined service area appears to be accepted by the HCA hospitals as the discharges and resulting patient days presented in the CON application are part of the HCA WSO analysis. The applicant reiterates that the proposal accounts for persons identified in the HCA opposition statement as “unquantified” in the “all other” Zip Codes category.

The applicant maintains that opposition emphasizes that the TimberRidge proposal will provide more patient days (discharges) with the addition of six Zip Codes outside of the applicant’s proposed service area. MRMC states that this analysis assigns impact based on an average market share across 15 Zip Codes without regard to the number of discharges by Zip Code and market share within that Zip Code.

MRMC attributes the following faults to the HCA WSO impact analysis:

- The HCA WSO ignores the fact that of the 4,117 discharges in 2023, 2,085 would have been patients at the TimberRidge ED and transferred to another hospital if TimberRidge did not have inpatient beds—only 2,032 discharges should be the subject of any computed impact
- The HCA WSO takes an average market share across 15 Zip Codes to compute impact. Yet, 75 percent of TimberRidge’s discharges will be derived from its five Zip Code PSA. Accordingly, market share at the Zip Code level is critical in computing impact.
- When considering the PSA, MRMC and WMCH have approximately one-third market with CMH at one-half of one percent and ORMC at 18 percent.
- Overall, of the 2,032 impact cases, MRMC has 31 percent market share, WMCH has 31 percent market share, ORMC has 17 percent market share with CMH at five percent market share. These percentages differ materially from the HCA WSO on page 19.

MRMC states that the entirety of the impact analysis is a fabrication of a different service area, hospital landscape, market share, potentially different DRG-set and use of a patient day use-rate as opposed to the requirement to demonstrate discharges at the Zip Code level.

The applicant determines that HCA failed to consider that TimberRidge is an already available access point for emergency services to the extent that a patient admission is generated via an ER visit. MRMC states that the proposal will allow for patients who would be otherwise transferred to MRMC to be treated at the proposed TimberRidge hospital, which is not expected to adversely impact any hospitals within or outside the subdistrict.

The applicant counters HCA's argument that the proposal will affect outpatient services by noting that the opposition has overstated the outpatient impact as a substantial portion of TimberRidge's forecasted outpatient utilization complement is already in place at the facility. MRMC maintains that utilization, revenues, staffing and recruitment for this segment of the operation will not impact existing HCA hospitals. The response references the inclusion of a detailed staffing plan to show the number of inpatient professional staff which would be shifted to TimberRidge from MRMC minimizing any impact to HCA Hospitals as these positions are currently in place at MRMC.

Provide Competition which Fosters Quality and Cost Effectiveness

MRMC describes the application's presentation of the proposal's capacity to allow for competition that fosters quality of care and cost-effectiveness through more rapid treatment of patients transferred from TimberRidge and minimization of associated EMS operational issues/costs.

The applicant maintains that TimberRidge is a lower cost provider than HCA's hospitals and for this reason the proposal will offer cost-effectiveness and foster competition, particularly in West Marion County. MRMC expects for the proposal to improve quality. MRMC notes that the opposition statement disregards the quality argument and essentially suggests the pricing, charge and cost comparisons are irrelevant. The applicant underscores the Trauma Medicaid enhancement add-on that WMCH receives through sharing a license with ORMC.

The response references the impact analysis and documented capacity of the proposal to foster competition that enhances quality and cost effectiveness provided on pages 104 through 113, 153 and 160 through 163 of CON application #10519.

Provision of Services to Medicaid and Medically Indigent

The applicant attests to providing a detailed analysis of its Medicaid commitment within Subdistrict 3-4 and as the only obstetrics, pediatrics

and neonatal acute care provider in Marion County—MRMC attests to having the majority of Medicaid patients treated at its hospital. Contrary to HCA’s assertions that MRMC is not a meaningful provider of services for this population, the applicant attests to having the most Medicaid patients within the TimberRidge defined service area when considering the adult non-tertiary data set. MRMC identifies the following points from the CON application and the AHCA data tapes:

- The defined service area has 12 percent adult non-tertiary Medicaid/charity/self-pay patients
- The defined PSA has 10 percent adult non-tertiary Medicaid/charity/self-pay patients
- TimberRidge is conditioning to a minimum of 13 percent Medicaid/Charity/self-pay patients (30 percent more than the PSA average)
- MRMC treats 33.3 percent of the PSA adult non-tertiary patients in this payor group—28 percent more than WMCH (2nd highest provider of services to this population in the PSA). MRMC, across the street from ORMC, provides treatment to more than two times as many PSA Medicaid/charity/self-pay patients than ORMC.
- In the total service area, MRMC is the greatest provider for the adult non-tertiary medically indigent population—providing care to 40 percent more inpatients than the next highest provider.

The applicant states that the forecasted payer mix of patients in the service area indicates that current Medicaid/KidCare/charity/self-pay patients represent 12 percent in the defined service area and 10 percent in the PSA. MRMC notes that CON application #10519 is conditioned on the provision of a minimum of 13.0 percent of patients of these payer groups indicating that TimberRidge Hospital will do more than its fair share in this community. The applicant also states that TimberRidge ED has a higher Medicaid/medically indigent rate than WMCH’s emergency room and expectations that this trend will continue upon implementation of the proposal. MRMC states that these facts reveal that the applicant meets the intent of the statutory criteria relative to the proposed services to the Medicaid and medically indigent patients.

Summary

The response states that TimberRidge ED is an already available access point for emergency services. The applicant expects for the proposed TimberRidge Hospital to allow for the patients to be treated as inpatients at TimberRidge as opposed to transferring patients to MRMC. The applicant maintains that the proposal is not expected to have an impact on WMCH or other area hospitals. The response states as documented in the CON application, there are more than 2,400 transfers for services from TimberRidge ER and more than 2,300 of these transfers are transferred to MRMC. The applicant concludes that the majority of admissions at TimberRidge Hospital will be via the emergency room.

CON Action Number: 10519

The response states that the impact analysis demonstrates over 50.0 percent (2,085 cases) will be via avoidance of transfers from the existing TimberRidge ED. MRMC determines that the remaining balance of the admissions are based on increasing market share within the defined service area. The applicant expects for the availability and accessibility of the proposed TimberRidge hospital to enhance quality through more rapid treatment and the avoidance of delays via transport.

The applicant indicates that the absence of a hospital at TimberRidge creates significant operational and economic impacts on Marion County Fire Rescue, including patient delays for treatment which negatively impact quality of care and cost-effectiveness. The applicant states that the absence of a hospital creates patient hardships in terms of travel times and that an expert provides findings relative to the net safety gain for senior populations upon implementation of the proposal.

The applicant states that high occupancies at existing hospitals along with diversion and bed delay statistics indicate there are not available and accessible inpatient hospital beds for the defined service area. MRMC maintains that given seasonality in the subdistrict, occupancies are further exacerbated. The response states that documentation in the CON application includes observation patient utilization of licensed acute care beds which limits the beds' availability. The applicant determines that this is strong evidence that the existing acute care beds are overutilized.

MRMC maintains that bed delays or a delayed transfer of care are the direct consequence of capacity issues in the emergency department on patient floors. The applicant notes that bed delays affect EMS' ability to respond to other service calls while awaiting the ability to transfer a patient by ambulance. The applicant expects for implementation of the proposal to result in the minimization of bed delays through an additional access point and decompression of Subdistrict 3-4 beds. MRMC states that the TimberRidge proposal will provide EMS in western Marion County with shorter distances to access points resulting in less time between calls.

The applicant indicates that 73.0 – 75.0 percent of EMS medical calls within the PSA are transported with 539 calls transported to TimberRidge ED and the remaining 13,800 calls transported to other locations. The applicant states that decreasing the number of EMS bypasses of TimberRidge ED once the proposal is established will have a significant increase in the quality and response time to better meet patient needs on a more rapid basis.

The applicant states that population trends and dynamics with tremendous growth in the defined service area population, particularly among seniors, reflect a continued pressure on existing hospital facilities with high occupancies. The applicant states that significant numbers of existing and developing ALFs and SNFs in the service area will heavily impact hospital utilization and need for an additional hospital. MRMC states that while Claritas population is used for analysis and forecasts, BEBR forecasts upon which the Agency generally relies for county level data show greater growth than forecasted by Claritas. The applicant states that the potential for incremental population in Marion County and the service area will place an unbudgeted and potentially untenable burden on the area hospital infrastructure.

The response states that TimberRidge Hospital will cure geographic inaccessibility by providing the service area residents with an accessible inpatient hospital which will enhance access as demonstrated by health planning metrics, bed need analysis, existing occupancies and population growth. The applicant states that the proposed hospital will allow for competition that fosters quality of care and cost-effectiveness.

The applicant states that approval of the proposed facility will allow MRMC, which provides the majority of Medicaid services to the subdistrict's residents, with the right to license and operate TimberRidge Hospital which will meet the defined service area inpatient needs, the majority of which MRMC provides in a hospital outside of reasonable travel times.

Overall, the response states that based on qualitative and quantitative presentations indicated in the proposal, the applicant has demonstrated, upon balance of all relevant statutory review criteria, that it meets or exceeds each of the criteria and should be approved.

H. SUMMARY

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10519) is an existing provider in Subdistrict 3-4 proposing to establish a Class I general acute care hospital consisting of 66 beds in Subdistrict 3-4. CHS is the parent-company of Munroe HMA Hospital, LLC which currently operates MRMC in Subdistrict 3-4. The proposal is stated to involve the transfer of 63 beds from the existing campus and an addition of three acute care beds. The applicant states that the transfer of beds will enhance the quality of care for patients and address the desire for private rooms at the existing campus. The proposed new hospital will be located at 9521 SW State Road 200, Ocala, Florida 34481, which is also the site of a freestanding emergency department operated by the applicant. MRMC states that the hospital will serve the adult non-tertiary needs of the service area's population.

The applicant conditions approval of the proposal to six Schedule C conditions.

MRMC's proposed service area consists of nine Zip Codes. The PSA of the proposed project consists of five Zip Codes and the SSA consists of four Zip Codes listed below:

Primary Service Area

- 34481 Ocala
- 34476 Ocala (*)
- 34473 Ocala
- 34432 Dunnellon (**)
- 34474 Ocala

Secondary Service Area

- 34442 Hernando
- 34431 Dunnellon
- 34482 Ocala
- 34434 Dunnellon

*P.O. Box 34477 is included in Zip Code area 34476

**P.O. Box 34430 is included in Zip Code area 34432

Need

For the 12-month period ending on June 30, 2017 District 3, Subdistrict 3-4 had 737 licensed acute care beds and a utilization rate of 67.59 percent. Subdistrict 3-4 utilization rate was higher than the total utilization rate for District 3, 65.72 percent and the statewide utilization rate, 57.82 percent. Munroe HMA's utilization rate was lower than the subdistrict, district and statewide utilization rates for the same 12-month period.

CON application #10449 was preliminarily approved for Munroe HMA Hospital, LLC, to establish a 66-bed acute care hospital in Subdistrict 3-4 Marion County on December 2, 2016. Administrative Law Judge Bruce McKibben overturned the Agency's preliminary approval in his recommended order for DOAH Case #17-0554 CON on November 15, 2017, and the Agency adopted the recommended order as a final order on February 21, 2018 thereby denying the proposed 66-bed acute care hospital.

There are currently 78 acute care beds approved in Marion County, issued through notification #NF170041 (34 acute care beds) issued to ORMC and notification #NF160005 (44 acute care beds) issued to WMCH.

MRMC contends that approval of the proposal is merited for the following reasons:

CON Action Number: 10519

- TimberRidge ED is an existing high-volume freestanding emergency room
- The proposed TimberRidge Hospital will only add three new acute care beds to the subdistrict as the other 63 will be transferred from semi-private rooms at MRMC, allowing for both hospitals to provide 100 percent private room accommodations
- In 2017, an estimated 2,455 patients were transferred from TimberRidge ED via EMS to MRMC and other hospitals in the district for treatment on an inpatient or observation basis
- Marion County bed need supports approval of TimberRidge Hospital
- Traffic studies confirm excessive travel time to existing facilities with travel time to the proposed TimberRidge Hospital being less than 30 minutes from all nine of the proposed service area Zip Codes
- The problems of elderly drivers will improve as a result of the development of the proposed TimberRidge Hospital, since seniors will drive in areas with less development than downtown Ocala, avoid problematic intersections that shows higher crash involvement along State Route 200 and have a lower crash rate per 1,000 residents
- High occupancies at existing hospitals, especially given seasonality in the subdistrict during a portion of the year, where occupancies are further exacerbated, making beds even less available on a steady basis
- Interfacility transports could be avoided having a positive impact on: geographic/programmatic accessibility for service area residents, the cost of the Marion County Fire Rescue service, the time vehicles and EMS responders are out of service, travel time, treatment delays and family hardships
- Interfacility transports is a tremendous morale detractor for EMS responders--reduction of these transports will improve Marion County Fire Rescue retention and recruitment
- Excessive capacity constraints at WMCH have led to bed delays, excessive “wall time” for EMS and the hospital’s frequent diversion status or its lack of ability to accept any additional patients in its emergency department
- In the 15-month period between October 1, 2016 and December 31, 2017, Marion County’s HCA acute care hospitals spent 295 hours on diversion due to emergency department overflow
- Bed delays affect EMS’s ability to respond to other service calls while awaiting the ability to transfer the patient--taking an ambulance and its personnel out of service not only has an impact on EMS’s ability to respond to the community quickly but also has a cost impact
- Seventy-three to 75 percent of EMS medical calls within the proposed PSA are transported—decreasing the number of EMS bypasses of TimberRidge ED once the TimberRidge Hospital is licensed will have a significant increase in the quality and response time to better meet patient needs on a more rapid basis

CON Action Number: 10519

- TimberRidge Hospital is greatly needed to relieve pressure on the Marion County Fire Rescue, to reduce out of area time for EMS units, to make EMS units more available and timely, to enhance access to care in the western part of the county and to meet the increasing needs of the area residents
- Population trends and dynamics with the tremendous growth in service area population, particularly amongst the senior population, indicate a continued pressure on existing hospital facilities with high occupancies
- TimberRidge Hospital will cure geographic inaccessibility through providing the service area residents with an accessible and available inpatient hospital
- The licensure of TimberRidge Hospital will have minimal impact on the professional staff recruitment and retention at the other area hospitals as the majority of clinical staff are already employed by MRMC at its clinical sites
- There is no physician overlap between HCA's Citrus Memorial Hospital and the TimberRidge Hospital's proposed service area
- Establishment of TimberRidge Hospital will allow for competition that fosters quality of care and cost-effectiveness
- Approval of this CON application will allow Munroe Regional which provides the majority of Medicaid services to Subdistrict 3-4's residents with the right to license and operate TimberRidge Hospital
- MRMC has lower gross charges and is therefore more cost-effective than ORMC, WMCH and CMH and the proposed TimberRidge Hospital will also have lower charges than all of the HCA hospitals
- MRMC also has lower Medicaid reimbursement than HCA's Marion County hospitals and TimberRidge will also be a lower cost provider compared to its HCA Subdistrict 3-4 counterparts
- EMS responders fully support the proposed TimberRidge Hospital
- Community support for TimberRidge Hospital as expressed by physicians, referral resources, business leaders, elected officials, prior patients and others with personal knowledge and experiences in the service area

Written Statement(s) of Opposition

The Agency received one WSO to CON application #10519 on May 4, 2018, on behalf of ORMC, WMCH and CMH, all in collective opposition to the proposed project. CMH is located in Citrus County (Subdistrict 3-5), within the same district but not subdistrict as the proposed facility. All three hospitals are operated by HCA.

Opposition to CON application #10519 states that the applicant has failed to meet CON Statutory Review Criteria for new general acute care hospitals as outlined in Section 408.035 Florida Statutes.

CON Action Number: 10519

The applicant contends that denial of the proposal is warranted for the following reasons:

- There is no need for an additional hospital to meet the acute care inpatient needs of the residents of southwestern Marion County or northeastern Citrus County.
- The Agency adopted the recommended order as its final order in the prior case on February 21, 2018 with circumstances in the service area little changed in the interim, and the differences between the current proposal and the previous one are minimal.
- MRMC's need methodology is fallacious in that it assumes that future patient flow patterns will depart dramatically from those experienced in the past without any evidence for such change. It also mixes population data sources so as to inappropriately inflate the calculation of future patient volume.
- The project proposed in CON application #10519, development of a new 66-bed inpatient acute care hospital at 9521 SW State Rd. 200 Ocala, Florida, as was the case for the applicant's previous proposal, will duplicate inpatient acute care services currently available in or near the identified 15-Zip Code geographic area.
- If the proposed facility is implemented as proposed, WMCH can be expected to lose 3,615 patient days, ORMC can be expected to lose 3,145 patient days and CMH can be expected to lose 2,546 patient days that it would otherwise treat in calendar year 2023, with increasing losses in future years.
- There will be no additional regulatory barrier if the CON is approved to physical expansion of the facility and the addition of beds. The timing of such expansion would be entirely at the applicant's discretion. Within a year or two of opening, the facility could be substantially larger than the one proposed in CON application #10519. The applicant admits that the facility will be constructed to house 100 beds.
- There is no reason to conclude the market share losses experienced by MRMC will be cured by opening a new hospital in a different location, or that the patients MRMC has lost to other providers in the district, namely Ocala Health, will go back to a MRMC facility such as TimberRidge.
- No evidence was included in the application to document that the population of southwestern Marion or northeastern Citrus Counties experiences unusual constraints in ability to travel.
- Analysis demonstrates that eight of the nine Zip Code area MRMC identifies as its service area are now within six to 26 minutes of an existing acute care hospital. The single Zip Code area which is outside of a 30-minute average drive time will be improved by only two minutes as a result of the TimberRidge facility.
- The five hospitals now providing most care to area residents have an average of 386 unoccupied licensed acute care beds on any given day.

CON Action Number: 10519

- The three acute care hospitals located within the subdistrict, MRMC, WMHC and ORMC, have an average of 238 unoccupied licensed acute care beds on any given day.
- Both WMCH and ORMC have expansion and bed addition projects underway or planned. Additional beds are expected to be available at each facility prior to implementation of the proposed project.
- No evidence is provided in CON application #10519 that any patients have been denied care or have not received needed care.
- The TimberRidge Hospital project proposes a service area that is entirely subsumed by the existing service area of WMCH and offers no meaningful improvement in access for service area residents.
- The identified service area currently enjoys robust competition, with five existing acute care hospitals in or adjacent to the area providing care to area residents.
- The alleged cost savings associated with introduction of the project do not justify the project and its adverse impact upon existing providers.
- No unusual difficulties currently exist in the proposed service area regarding access to care by Medicaid patients or the medically indigent.
- MRMC does not contend in its application that there are any problems of availability or accessibility regarding Medicaid patients or the medically indigent, nor that the project is necessary to address any such issues.
- Though MRMC presents information purporting to show that it is the superior provider of care to the traditionally underserved populations, its proposed provision of care to these groups at TimberRidge is below the average for such groups in the service areas and below MRMC's historic provision of such care to residents of the service area.

The Agency finds that the applicant met the criteria specified in Section 408.035(2), Florida Statutes, for a general acute hospital. The Agency has determined that based on a balanced consideration of all applicable criteria including need for the proposed facility, the application merits approval of the proposal. The Agency particularly notes the inclusion of providing all private-rooms (and health related benefits of private rooms) through a minimal (three beds) addition of beds within Subdistrict 3-4, is found to enhance access to health care and along with other factors presented aides in fostering competition which promotes quality and cost-effectiveness within the proposed service area.

Competition

Munroe HMA, LLC, states the proposed, TimberRidge Hospital will result in competition that fosters quality of care and cost-effectiveness from patients being more rapidly treated. According to the applicant, an increasing number of patients are transferred from TimberRidge ED each year and the proposal will minimize the impact on EMS needing to

transfer patients out of the area. MRMC expects a reduction in the cost to the EMS system and the residents of the applicant's service area upon implementation of the proposed project.

The applicant maintains that the proposed project will operate as a lower cost provider in comparison to the hospitals operated by HCA within the county. MRMC states that the only existing hospital west of Interstate 75 is an HCA facility with higher charges. Munroe HMA, LLC, states that the proposal will be included on the existing campus' license and have similar if not identical charges and negotiated rates for reimbursement.

Munroe HMA expects to eliminate interfacility transports for non-tertiary adult admissions (inpatient) and observation cases to Munroe Regional Medical Center. The applicant indicates that less than 10.0 percent of transfer to other facilities will be considered to continue and notes that medical calls which occur within the service area which currently bypass TimberRidge Hospital will be reduced and result in time savings to receive care within the service area which will ultimately reduce time and money for Marion County EMS which is expected to result in more efficiency in caring for the health, safety and well-being of Marion County residents.

Medicaid/charity care

Among acute care facilities in District 3 present on the FHURS FY 2016 report, Munroe Regional Medical Center provided:

- The 5th largest provision of Medicaid/Medicaid HMO days by volume of patient days and the 8th largest provision of Medicaid/Medicaid HMO by percentage
- The 10th largest provision of charity care days by volume of patient days and the 17th largest provision of charity care by percentage

As of April 2, 2018 at 3:37 p.m., Munroe Regional Medical Center had \$1,912 listed on the Low Income Pool Payment Program: Summary of Annual Totals and Year-to-Date amounts requested (or previously paid) for State Fiscal Year 2017 – 2018. Munroe Regional Medical Center was not listed as a Disproportionate Share Hospital for State Fiscal Year 2017 – 2018.

Approval of the proposal is conditioned to the provision of a minimum of 13 percent inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis.

I. RECOMMENDATION

Approve CON #10519 to establish a new 66-bed acute care hospital in District 3, Subdistrict 4, Marion County.

CONDITIONS:

- TimberRidge Hospital will be located at 9521 SW State Road 200 Ocala, Florida 34481. This will be measured by submission of the hospital's building permit and subsequent issuance of the TimberRidge Hospital license by AHCA.
- MRMC will transfer 63 acute care beds to TimberRidge Hospital which will comprise 63 of its 66 initially licensed acute care beds. MRMC will not seek to relicense new acute care beds at MRMC for a minimum of five years post transfer or until occupancy exceeds 80 percent on a trailing 12-month basis. The transfer will be demonstrated by submission of applicable licensure applications at the appropriate time.
- TimberRidge will provide a minimum 13 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis. This will be measured annually by TimberRidge Hospital's submission of an annual patient day report to AHCA
- Extend the nursing training and education programs that are conducted in conjunction with Rasmussen College and College of Central Florida at Munroe Regional Medical Center to TimberRidge Hospital
- Annually sponsor On Top of the World Health Fair
- Annually participate in the Oak Run Health Fair

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