

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

**Adventist Health System/Sunbelt, Inc.
d/b/a Florida Hospital/CON #10521**
900 Hope Way
Altamonte Springs, Florida 32714

Authorized Representative: Diane Godfrey, ASH
Florida Division-Regulatory
Administration
(407) 303-9808

2. Service District/Subdistrict

District 7 (Brevard, Orange, Osceola and Seminole Counties)

B. PUBLIC HEARING

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

Letters of Support

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital (CON application #10521), submitted numerous letters of support composed by local business members and a variety of health care professionals who are employed or associated with Florida Hospital Orlando and Winter Park Memorial Hospital. Principle themes and sentiments expressed include:

- Rehabilitative administration teams at both Winter Park and Florida Hospital Orlando strongly support this endeavor and are focused on working together to provide the highest level of quality, coordinated and integrated care to meet the future needs for rehabilitation patients.

- Both units are in the oldest parts of their respective hospitals, with small semi-private rooms that do not meet the current standards of inpatient rehabilitation. The new unit features private rooms which are a necessity in today's health care environment for purposes of infection control, accessibility, safety and privacy.
- The goal is to provide patients with intensive inpatient rehabilitation care at the appropriate time, when they are most in need, and not have to wait in the acute care setting due to capacity limitations. The proposed 50-bed unit would allow for the needed increase in square footage for private self-care and mobility training as well as provide the ability to expand and progress specialty programs.
- The expansion to 50 private beds will increase the opportunity to serve patients who qualify for inpatient hospital-based rehabilitation services.
- Expansion of the bed capacity with all private rooms at one location is in the best interest of our patients and community. It will allow seamless transitions of care under one roof.
- A consolidation into one location fosters collaboration of staff, development of advanced skills and efficiency. Dedicated space to facilitate specialized services and development of skills for unique patient populations serves a community need, helps patients and fulfills the hospital's mission.

C. PROJECT SUMMARY

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital (CON application #10521), also referenced as the applicant, a Florida not-for-profit hospital affiliated with not-for profit Florida Hospital System, a subsidiary of Adventist Health System, proposes to add 20 comprehensive medical rehabilitation (CMR) beds through the delicensure and addition of 10 existing and 10 approved CMR beds from FH Orlando's main campus to Winter Park Memorial Hospital (WPMH), both within District 7, Orange County.

FH Orlando is a licensed Class I general hospital with 1,197 acute care beds, 59 adult psychiatric beds, 10 CMR beds, 28 Level II Neonatal intensive care (NICU) beds and 74 Level III NICU beds as well as 10 different organ transplantation programs. FH Orlando's non-CON regulated services include Level II adult cardiovascular services and comprehensive stroke center designation.

WPMH is a licensed Class I general hospital with 288 acute care beds, 20 CMR beds and 12 Level II NICU beds. WPMH's non-regulated services include primary stroke center designation.

The project involves 61,991 gross square feet (GSF) of renovation. The renovation cost is \$14,250,000. Total project cost is \$26,841,200. Project cost includes building, equipment, project development and start-up costs. The applicant anticipates issuance of license and initiation of service in September 2019.

The applicant proposes the following conditions to CON approval on CON application #10521 Schedule C:

- Permanent Closure of Existing CMR Unit at Florida Hospital Orlando
 - Specifically, the applicant will:
 - Close the 10-bed CMR unit at Florida Hospital Orlando
 - Permanently delicense 10 CMR beds at Florida Orlando
 - Add the 10 existing and 10 approved CMR beds from FH Orlando to Winter Park Memorial Hospital to create a 50-bed CMR program
- Specialized CMR equipment/programming
 - The applicant will create four bariatric rooms that are larger in square footage and have the required equipment (beds, wheelchairs, etc.) to accommodate patients weighing up to 750 pounds

Total GSF and Project Costs of Applicant					
Applicant	CON app. #	Project	GSF	Total Costs \$	Cost Per Bed
FH	10521	Addition of 20 new CMR beds	61,991	\$26,841,200	\$1,342,060

Source: CON application #10521, Schedule 1 and 9

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes; and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by evaluating the responses and data provided in the application, and independent information gathered by the reviewer.

Applications are analyzed to identify strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district, applications are comparatively reviewed to determine which applicant(s) best meets the review criteria.

Rule 59C-1.010 (3) (b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant.

As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the certification of the applicant.

As part of the fact-finding, the consultant, Dwight Aldridge analyzed the application in its entirety with consultation from the financial analyst Eric West of the Bureau of Central Services, who reviewed the financial data and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Or does the project proposed seek beds or services in excess of the fixed need pool? ss. 408.035 (1)(a), Florida Statutes, Rules 59C-1.008(2) and 59C-1.039(5), Florida Administrative Code.

In Volume 44, Number 13 of the Florida Administrative Register, dated January 19, 2018, a fixed need pool of zero CMR beds was published for District 7 for the July 2023 planning horizon. Therefore, the applicant is applying outside the fixed need pool.

As of January 19, 2018, District 7 had 273 licensed and 20 approved CMR beds. During the 12-month period ending June 30, 2017, District 7 experienced 71.96 percent utilization on 245 licensed CMR beds. For this same timeframe, the statewide average utilization rate was 70.28 percent. Approved CMR projects in the District are noted below:

- Florida Hospital Orlando (E170012) to add 10 CMR beds
- Winter Park Memorial Hospital (E170011) to add 10 CMR beds

The reviewer notes that the termination date for E170011 is October 27, 2018, and the termination date for E170012 is November 8, 2018. The reviewer notes that unless the applicant for these exemptions files an extension request pursuant to 59C-1.018, Florida Administrative Code, or commences construction in accordance with 59C-1.018, Florida Administrative Code, the exemption is no longer valid.

- b. According to Rule 59C-1.039 (5)(d) of the Florida Administrative Code, need for new comprehensive medical rehabilitation inpatient services shall not normally be made unless a bed need exists according to the numeric need methodology in paragraph (5)(c) of this rule. Regardless of whether bed need is shown under the need formula in paragraph (5)(c), no additional comprehensive medical rehabilitation inpatient beds shall normally be approved for a district unless the average annual occupancy rate of the licensed comprehensive medical rehabilitation inpatient beds in the district was at least 80 percent for the 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool.**

As previously stated, District 7’s 245 licensed CMR beds experienced an occupancy rate of 71.96 percent during the 12-month period ending June 30, 2017. The District 7 CMR percent utilization for the previous five years, ending June 30, 2017, is shown in the table below.

District 7 Comprehensive Medical Rehabilitation Bed Utilization Five-Year Period July 1 2012 through June 30, 2017						
Facility	Beds	7/1/2012- 6/30/2013	7/1/2013- 6/30/2014	7/1/2014- 6/30/2015	7/1/2015- 6/30/2016	7/1/2016- 6/30/2017
HealthSouth Sea Pines Rehabilitation Hospital	90	58.76%	57.97%	59.16%	58.42%	67.80%
Florida Hospital	10	87.72%	88.60%	89.26%	92.79%	90.71%
Orlando Health	53	57.05	51.31%	48.62%	58.73%	60.70%
Winter Park Memorial Hospital	20	76.79%	78.84	78.82%	81.79%	79.48%
Nemours Children’s Hospital (Lic. 8/10/16)	9	NA	NA	NA	NA	34.02%
Central Florida Regional Hospital (Lic. 5/17/13)	13	NA	52.37%	58.63%	81.20%	83.31%
HealthSouth Rehabilitation Hospital of Altamonte Springs	50	NA	NA	46.53%	125.56%	87.75%
District 7 Total	245	62.63%	59.57%	57.77%	74.03%	71.96%

Source: Florida Hospital Bed Need Projections & Service Utilization by District, July (2014-2018) Batching Cycles

MapQuest directions obtained March 2018 indicate that existing facilities are located within the following approximate driving miles/driving times (in hours/minutes) from the applicant’s proposed location and each other.

Driving Distance in Miles and Hours/Minutes - Existing Facilities and Proposed Site							
Facility	Florida Hospital Orlando	HealthSouth Sea Pines Rehab. Hospital	Winter Park Memorial Hosp.	Orlando Health	Nemours Children Hospital	Central Florida Regional Hospital	HealthSouth Rehab. Hospital of Altamonte Springs
Florida Hospital Orlando		75 miles/ 1hr 23 min	4.5 miles/ 14 min	8 miles/ 21 min	23.2 miles/ 32 min	20.5 miles/ 33 min	9.1 miles/ 18 min
HealthSouth Sea Pines Rehab. Hospital	75.7miles/ 1hr 23min		77.1 miles/ 1hr 23 min	75 miles/ 1hr 17 min	66.2 miles/ 1hr 5 min	87.6 miles/ 1hr 29 min	83.7 miles/ 1hr 21 min
Winter Park Memorial Hosp.	4.5 Miles / 14 min	77.1 miles/ 1hr 23 min		4.2 miles/ 10 min	25.7 miles/ 29 min	22.5 miles/ 26 min	7.5 miles/ 10 min
Orlando Health	8 miles/ 21 min	75 miles/ 1hr 17 min	4.2 miles/ 10 min		21.9 miles/ 29 min	25.8 miles/ 32 min	10.7 miles/ 17 min
Nemours Children Hospital	23.2miles/ 32 min	66.2 miles/ 1hr 5 min	25.7 miles/ 29 min	21.9 miles/ 29 min		35.2 miles/ 37 min	31.3 miles/ 35 min
Central Florida Regional Hospital	20.5miles/ 34 min	87.6 miles/ 1hr 29 min	22.5 miles/ 10 min	25.8 miles/ 26 min	35.2 miles/ 37 min		19.8 miles/ 22 min

Source: MapQuest

c. Other Special or Not Normal Circumstances

The applicant states that the proposal has been developed to most effectively implement and utilize CMR bed capacity in its Orange County facilities and asserts that the proposed project will:

- Create economies of scale resulting from a larger critical mass of CMR beds on one campus in the county
- Decrease implementation cost of approved CMR bed capacity at both FH Orlando and WPMH, as implementation of both projects in their current locations would require significant construction
- Allow AHS/FH to potentially develop expanded specialized programming based on a large number of beds and mix of patients in one location.
- Have no impact on existing facilities or patients given that FH Orlando and WPMH serve largely the same service area for CMR and will be serving their existing patients, simply concentrated in one location
- Will not affect the inventory of CMR beds in Orange County, as both FH Orlando and Winter Park are existing CMR providers with approved bed expansions

The applicant states that currently FH Orlando has 10 existing and 10 approved CMR beds and WPMH has 20 existing and 10 approved CMR beds for a total of 50 beds combined. The applicant notes that construction would be required at both facilities in order to implement the additional CMR bed capacity approved for each hospital and given the close proximity of the facilities and substantial service area overlap, the applicant’s controlling interest determined it would be more cost and clinically effective to consolidate the bed capacity to one campus (WPMH) since expansion construction is presently underway. The applicant

declares that the proposed consolidation of CMR beds to one campus will create economies of scale resulting from the amalgamation of two CMR units in one location, and will decrease the costs associated with implementing the beds by concentrating the expenditure on one campus. The reviewer notes that the proposed project is to add 20 CMR beds to an existing 20-bed CMR unit at WPMH.

The applicant asserts that not only does this approach decrease the costs associated with the implementation of approved CMR bed capacity, it also creates a critical mass of CMR patients in one location affording the Florida Hospital System an opportunity to create dedicated rehabilitation space for specific types of patients. For example, the applicant proposes to build-out space on the 4th and 5th floors of the new tower—one general rehabilitation unit focused on spinal cord injury, orthopedic, and organ transplant patients and one unit will be a specialty unit focused on brain injury, stroke and neurological diseases/disorders. The applicant indicates that each floor will have its own therapy gym, activity space, private bedrooms with ADA-compliant showers in every room, as well as family/caregiver sleeping space in each room. The separate therapy gyms will include general therapy equipment, as well as different types of equipment/tools suited to each patient population facilitating highly customized rehabilitation programming.

The applicant states that FH Orlando and WPMH are located approximately 4.5 miles apart and given the close geographic proximity and are both part of the Florida Hospital System, they serve the same service area. As such, the applicant notes that the proposed relocation of FH Orlando's CMR beds to WPMH will not result in a change to the service area or patient referral patterns associated with CMR services within the Florida Hospital System. The applicant indicates that according to Agency inpatient discharge data, the majority of both facilities' CMR discharges originated from District 7, approximately 72.5 percent of FH Orlando and 80.0 percent of WPMH CMR discharges resided in a District 7 county. The applicant provides calendar year (CY) 2016 CMR discharge statistical data by District for FH Orlando and WPMH. See the table below.

FH Orlando and WPMH 2016 CMR Patient Origin by AHCA District				
AHCA District	FH Orlando	FH Orlando % of Total CMR	Winter Park	Winter Park % of Total CMR
7	179	72.5%	379	80.0%
3	20	8.1%	37	7.8%
4	16	6.5%	17	3.6%
6	15	6.1%	11	2.3%
2	0	0.0%	1	0.2%
8	0	0.0%	1	0.2%
9	4	1.6%	1	0.2%
5	1	0.4%	0	0.0%
Unknown/Out of State	12	4.9%	27	5.7%
Hospital Total CMR Discharges	247	100.0%	474	100.0%

Source: CON application #10521, Page 15

The applicant indicates that a vast majority of District 7 CMR provider’s discharges originated from Orange County. The applicant reports that in 2016, approximately 59 percent of FH Orlando’s District 7 CMR discharges and 66 percent of WPMH originated from Orange County. The applicant details FH Orlando and WPMH 2016 District 7 resident discharges by county, noting that Orange County accounts for more than two times the discharges from the next closest District 7 county (Seminole). See the table below.

FH Orlando and WPMH 2016 District 7 CMR Patient Origin by County				
District 7 County	FH Orlando	% of FH Orlando District 7 CMR	WPMH	% of Winter Park District 7 CMR
Orange	105	58.7%	251	66.2%
Seminole	40	22.3%	102	26.9%
Osceola	26	14.5%	22	5.8%
Brevard	8	4.5%	4	1.1%
Hospital District 7 CMR Discharges	179	100.0%	379	100.0%

Source: CON application #10521, Page 15

Regarding service area population and demographics, the applicant states that FH Orlando and WPMH largely serve residents from the same ZIP Codes in terms of CMR discharges. The applicant indicates that in 2016, Orange County ZIP Codes accounted for 83 percent and 85 percent of WPMH and FH Orlando’s county-wide CMR discharges, respectively. The applicant states that District 7 is currently home to more than 2.6 million residents, with approximately half the District’s population residing in Orange County. The applicant maintains that between 2018 and 2023, District 7’s total population growth (9.1 percent) is projected to outpace the statewide average (6.6 percent). The applicant provides the 2018-2023, current and projected total population by District 7 counties, noting that Orange County’s projected population growth will increase by 10.6 percent or 141,000 residents for the same period, outpacing the district and state’s total and five-year average annual growth rate (AAGR). See the table below.

2018-2023 District 7 and State of Florida Total Population Base and Growth				
District 7 County	2018	2023	Total Population	AAGR
Orange	1,328,544	1,469,185	10.6%	2.1%
Seminole	453,833	478,078	5.3%	1.1%
Osceola	336,348	388,100	15.4%	3.1%
Brevard	575,533	604,819	5.1%	1.0%
District 7 Total	2,694,258	2,940,182	9.1%	1.8%
Florida	20,523,262	21,878,409	6.6%	1.3%

Source: CON application #10521, Page 16

The applicant asserts that both FH Orlando and WPMH currently serve a primarily adult population (18+) in their respective CMR units and will continue to do so in the consolidated program. When analyzing District 7’s adult population for the five-year period of 2018-2023, the applicant’s projections indicate an increase of approximately 9.4 percent compared to the statewide growth of 7.0 percent. The applicant states that Orange County, which has the largest overall adult population in District 7, is projected to experience growth in excess of 100,000 adult residents between 2018 and 2023. The applicant asserts that District 7’s large and increasing adult population will continue to drive the need for available CMR bed capacity within the Florida Hospital System. The applicant details the current and projected District 7 adult population by county, for the five-year period 2018-2023. See the table below.

2018-2023 District 7 and State of Florida Adult (18+) Population Base and Growth				
District 7 County	Adult Population, Ages 18 and Over			
	2018	2023	Total Growth	AAGR
Orange	1,018,061	1,126,253	10.6%	2.1%
Seminole	354,710	374,747	5.6%	1.1%
Osceola	253,680	295,390	16.4%	3.3%
Brevard	469,061	495,514	5.6%	1.1%
District 7 Total	2,095,512	2,291,904	9.4%	1.9%
Florida	16,313,821	17,463,024	7.0%	1.4%

Source: CON application #10521, Page 17

The applicant indicates that inpatient comprehensive medical services are primarily utilized by older adults (age 45+). To highlight District 7’s large and growing population base of aging adults, the applicant states that in 2018, approximately 53 percent of the adult population (1.1 million residents) are 45+, increasing to 55 percent (1.3 million residents) by 2023. The applicant declares that the growth rate for the adult population in District 7 is concentrated in that 45+ age cohort. The applicant provides population projections which illustrate that between 2018 and 2023, District 7 growth in the 45-64, 65-74 and 75-84 age cohorts outpaces the projected statewide growth for the same period and age cohort. See the tables below.

2018 District 7 Adult (18+) Population Distribution by Age Cohort						
District 7 County	18-44	45-64	65-74	75-84	85+	Total Adult
Orange	553,869	337,383	99,275	44,597	18,195	1,053,319
Seminole	168,586	128,685	43,702	20,709	9,048	370,730
Osceola	132,023	86,289	29,047	14,341	4,656	266,356
Brevard	170,601	171,048	79,820	44,802	18,580	484,851
District 7 Total	1,025,079	723,405	251,844	124,449	50,479	2,175,256
% of District Adult Pop.	47.1%	33.3%	11.6%	5.7%	2.3%	100.0%

Source: CON application #10521, Page 17

2023 District 7 Adult (18+) Population Distribution by Age Cohort						
District 7 County	18-44	45-64	65-74	75-84	85+	Total Adult
Orange	574,280	371,068	127,124	59,162	19,753	1,151,387
Seminole	175,665	134,235	55,448	25,323	9,504	400,175
Osceola	142,159	97,324	34,491	19,012	5,669	298,655
Brevard	181,795	167,917	98,013	48,665	20,898	517,288
District 7 Total	1,073,899	770,544	315,076	152,162	55,824	2,367,505
% of District Adult Pop.	45.4%	32.5%	13.3%	6.4%	2.4%	100.0%

Source: CON application #10521, Page 17

The applicant states that it is noteworthy to analyze the aging of Orange County residents, specifically between 2018 and 2023, where the growth in Orange County for the 45-64, 65-74 and 75-84 age cohorts significantly outpaces the state and District 7 average, an indication that Orange County’s population is aging more rapidly than the district or state average. The applicant maintains that the large and aging base of adults in Orange County will continue to drive high utilization of the CMR beds within the Florida Hospital System, including the proposed project. The applicant provides a table depicting the projected 2018-2023 population growth by adult age cohort for District 7 counties and Florida.

2018-2023 Adult Population Growth by Age Cohort District 7 and State of Florida					
District 7 County	18-44	45-64	65-74	75-84	85+
Orange	3.7%	10.0%	28.1%	32.7%	8.6%
Seminole	4.2%	4.3%	26.9%	22.3%	5.0%
Osceola	7.7%	12.8%	18.7%	32.6%	21.8%
Brevard	6.6%	-1.8%	22.8%	8.6%	12.5%
District 7 Total	4.8%	6.5%	25.1%	22.3%	10.6%
Florida	4.5%	2.6%	22.3%	13.3%	11.1%

Source: CON application# 10521, Page 18

The applicant examines historical CMR bed utilization at FH Orlando and WPMH for the three-year period ending June 30, 2017. The applicant maintains that both CMR units were highly utilized in the past three years, averaging 90.9 percent and 80 percent utilization, respectively.

The applicant explains that the high utilization experienced at both hospitals resulted in the request and approval of 10 additional CMR beds at FH Orlando and WPMH. The applicant provides the three-year CMR utilization for both hospitals. See the tables below.

FH Orlando Historical CMR Utilization Trend				
	Years Ended June 30			
FH Orlando CMR Utilization	2015	2016	2017	Three-Year Average
Beds	10	10	10	10
Patient Days	3,258	3,387	3,311	3,319
Available Days	3,560	3,650	3,650	3,650
Average Daily Census	8.9	9.3	9.1	9.1
Occupancy	89.3%	92.8%	90.7%	90.9%

Source: CON application #10521, Page 18

FH Orlando Historical CMR Utilization Trend				
	Years Ended June 30			
WPMH CMR Utilization	2015	2016	2017	Three-Year Average
Beds	20	20	20	20
Patient Days	5,754	5,971	5,802	5,842
Available Days	7,300	7,300	7,300	7,300
Average Daily Census	15.8	16.4	15.9	16.0
Occupancy	78.8%	81.8%	79.5%	80.0%

Source: CON application #10521, Page 19

The applicant states that the combined historical three-year utilization of the 30 operational CMR beds at FH Orlando and WPMH was 83.7 percent, which exceeds the required threshold for existing providers to expand bed capacity resulting from high utilization. The applicant provides the table below which shows the combined three-year historical CMR utilization trend at FH Orlando and WPMH.

FH Orlando and WPMH Historical CMR Utilization Trend				
	Years Ended June 30			
Combined CMR Utilization	2015	2016	2017	Three-Year Average
Beds	30	30	30	30
Patient Days	9,012	9,358	9,113	9,161
Available Days	10,950	10,950	10,950	10,950
Average Daily Census	24.7	25.6	25.0	25.1
Occupancy	82.3%	85.5%	83.2%	83.7%

Source: CON application #10521, Page 19

The applicant discusses admissions turned away due to lack of bed availability, stating that for the past three calendar years, approximately 2,000 CMR referrals have been either deferred or approved but not admitted (due to lack of bed availability) at FH Orlando and WPMH on an annual basis. The applicant details these deferred or approved but not admitted referrals below.

Historical CMR Referrals Approved but not Admitted or Deferred FH Orlando and Winter Park Memorial Hospital				
Referral Disposition Category	2015	2016	2017	Three-Year Average
Approved But Not Admitted	1,732	1,723	1,553	1,669
Deferred	294	589	366	416
Total	2,026	2,312	1,919	2,085

Source: CON application #10521, Page 22

The applicant estimates that approximately 50 percent of the patients who were deferred and 75 percent of patients approved but not admitted due to lack of bed availability could have been admitted to one of the CMR units had a bed been available. The applicant states the in 2017 roughly 1,348 patients were unable to be admitted to FH Orlando or WPMH due to the lack of bed availability and based on the 75/50 percent variables set above.

The applicant examines projected utilization of the combined 50-bed CMR program. FH Orlando states that the configuration of CMR units at both hospitals feature mostly semi-private rooms, which creates limitations on the operational capacity of the CMR units. The applicant indicates that the proposed consolidation of CMR units will ensure that beds are available and accessible to area residents. The applicant anticipates that the proposed consolidated program will capture an estimated 15 to 20 percent of the admissions that were historically turned away from FH Orlando or WPMH’s existing CMR units based on the lack of bed availability. The applicant indicates that the ability to treat these patients would result in approximately 15 to 20 incremental admissions per month until operational capacity constraints occur in the 50-bed CMR program.

The applicant provides the projected year one and year two utilization for the proposed consolidated program. The reviewer notes that the applicant’s projected first year of operation runs September 1, 2019 through August 31, 2020. See the table below.

Projected Year One and Year Two Utilization 50-Bed CMR Program		
	Year One (2020)	Year Two (2021)
Beds	50	50
Admission	981	1,241
Patient Days	12,753	16,134
ALOS	13.0	13.0
ADC	34.9	44.2
Occupancy	69.9%	88.4%

Source: CON application #10521, Page 27

The applicant contends that CMR services are a critical component of the continuum of care within the Florida Hospital System and in order to ensure beds are accessible and available, the proposed consolidation of CMR services to one location will create a critical mass of CMR patients.

The applicant asserts that the proposed CMR program has been designed utilizing unique features that will enhance the patient experience, increase efficiency of care and ultimately result in better overall patient outcomes.

2. Agency Rule Criteria:

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

a. General Provisions:

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

The applicant states that both FH Orlando and WPMH operate under Agency hospital license #4369, therefore the combined CMR beds will be licensed and operated as part of WPMH.

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

The applicant indicates that the proposed project will involve the build-out of the fourth and fifth floors of a new bed tower currently under construction at WPMH. The applicant states that proposed location is ideal to accommodate both WPMH and FH Orlando's existing and approved CMR beds. The applicant asserts that the proposed CMR unit will have all private patient rooms with private ADA-compliant bathrooms that are wheelchair accessible.

The applicant notes that the rooms are designed to maximize patient privacy and accommodate family members. The applicant states that each floor of the proposed CMR unit will provide patient support spaces such as a therapy gym, group activity, dining and space for activities for daily living (ADL). Per the applicant, an additional feature for each floor is the inclusion of two bariatric rooms with a 48-inch wide bed, larger floor space and other design features that will comfortably accommodate a larger patient. The

applicant maintains that inclusions of these rooms will allow the admission of a wide range of patients and eliminate any limitations to caring for larger patients within its 50-bed CMR program.

The applicant states that the proposed project's physical layout and configuration along with accompanying schematic drawings are provided in Schedule 9 of CON application #10521.

- (3) Minimum Number of Beds. A general hospital providing comprehensive medical rehabilitation inpatient services should normally have a minimum of 20 comprehensive rehabilitation inpatient beds. A specialty hospital providing CMR inpatient services shall have a minimum of 60 CMR inpatient beds.**

The applicant proposes a 50-bed consolidated CMR unit to be located at WPMH.

- (4) Medicare and Medicaid Participation. Applicants proposing to establish a new comprehensive medical rehabilitation service shall state in their application that they will participate in the Medicare and Medicaid programs.**

The applicant indicates that it currently participates in the Medicare and Medicaid programs and will continue to do so in the proposed consolidated program.

b. Required Staffing and Services

- (1) Director of Rehabilitation. CMR inpatient services must be provided under the medical director of rehabilitation who is a board-certified or board-eligible physiatrist and has had at least two years of experience in the medical management of inpatients requiring rehabilitation services.**

The applicant states that the proposed program will operate under the direct medical supervision of a physical medicine and rehabilitation specialist (physiatrist) who is board certified and has had more than two years of experience in the medical management of inpatients requiring services in accordance with rule.

The applicant identifies Dr. Mitchell J. Freed as the proposed medical director for the combined program. Dr. Freed is currently responsible for overseeing clinical operation of FH Orlando's and WPMH's acute CMR units. The applicant notes that Dr. Freed has been Board Certified by the American Board of Physical Medicine and Rehabilitation since 1990.

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

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

The applicant states it will provide the following services:

- Rehabilitation nursing
- Physical therapy
- Occupational therapy
- Speech pathology/audiology
- Social services
- Psychological services
- Case management
- Orthotic/prosthetic services
- Respiratory therapy

The applicant provides a detailed description of each service listed above on pages 30-33 of CON application #10521 and attests to having extensive experience in the recruiting and retainment of qualified staff who are skilled in the above-mentioned services. The applicant maintains that there are large numbers of personnel resources within the rehabilitation continuum of care within the Florida Hospital System. The applicant states that WPMH does not anticipate the proposed project having an impact on staffing.

c. Criteria for Determination of Need:

(1) Bed Need. A favorable need determination for proposed new or expanded comprehensive medical rehabilitation inpatient services shall not normally be made unless a bed need exists according to the numeric need methodology in Rule 59C-1.039 (5) (c), Florida Administrative Code.

The applicant is applying outside the fixed need pool. However, the applicant contends that the proposal is for the relocation of existing and approved bed capacity and as such, has no effect on the inventory of CMR beds in District 7. The reviewer notes that

the proposal is to add twenty CMR beds to an existing CMR unit and while no new beds will be added to District 7’s inventory, the proposal is a bed addition to an existing hospital-based CMR unit.

- (2) Most Recent Average Annual District Occupancy Rate. Regardless of whether bed need is shown under the need formula in Rule 59C-1.039 (5) (c), no additional comprehensive medical rehabilitation inpatient beds shall normally be approved for a district unless the average annual occupancy rate of the licensed comprehensive medical rehabilitation inpatient beds in the district was at least 80 percent for the 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool.**

The reviewer notes the annual occupancy rate of CMR beds in District 7 was 71.96 percent for the most recent 12-month period (July 2016-June 2017). As previously stated by the applicant, the proposed project is a relocation of 10 existing and 10 approved CMR beds within District 7. The reviewer notes that the proposal is to add twenty CMR beds to an existing CMR unit and while no new beds will be added to District 7’s inventory, the proposal is a bed addition to an existing hospital-based CMR unit.

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

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

The table below illustrates FH Orlando’s state fiscal year (SFY) 2017-2018 low income pool (LIP) and disproportionate share hospital (DSH) program participation as of April 2, 2018.

FH Orlando LIP and DSH Program Participation		
Program	Annual Total Allocation	Year-to-Date Total Allocation as of April 2, 2018
LIP	\$18,421,896	\$18,421,896
DSH	\$1,500,105	\$1,125,078

Source: Agency Division of Medicaid, Office of Program Finance

The applicant states that FH Orlando is a disproportionate share hospital and attests to providing a significant percentage of care to Medicaid and charity patients. The applicant indicates that FH Orlando received \$5,513,911 in DSH funding for fiscal year 2016-2017.

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

The applicant states that both FH Orlando and WPMH are existing Medicaid providers and will serve Medicaid patients in the proposed program. The applicant projects 9.0 percent of its CMR patient days will be for Medicaid and Medicaid HMO patients.

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

The reviewer notes that according to Florida DOH website: <http://www.floridahealth.gov/licensing-and-regulation/trauma-system/documents/traumacenterlisting2018.pdf>, last updated April 10, 2018 neither WPMH nor FH Orlando are listed trauma centers (including Level I, Level II or provisional).

The applicant states that although WPMH and FH Orlando are not designated trauma centers, both operate 24-hour Emergency Departments (ED) that accommodates a large number of visits annually. The applicant further states that WPMH offers a dedicated senior ED, which is designed and staffed for elderly patients.

d. Access Standard. Comprehensive medical rehabilitation inpatient services should be available within a maximum ground travel time of two hours, under average travel conditions, for at least 90 percent of the district's total population.

The applicant indicates that this criterion is not applicable as the proposed project is for the delicensing, closure and relocation of 10 existing and 10 approved CMR beds from FH Orlando to WPMH. The applicant states that FH Orlando and WPMH are 4.5 miles apart within Orange County and operate under the same hospital number.

e. **Quality of Care**

- (1) **Compliance with Agency Standards. Comprehensive medical Rehabilitation inpatient services shall comply with the Agency standards for program licensure described in section 59A-3, Florida Administrative Code. Applicants who submit an application that is consistent with the Agency licensure standards are deemed to be in compliance with this provision.**

The applicant states that FH Orlando and WPMH currently operate in compliance with licensure standards described in Chapter 59A-3, Florida Administrative Code, as well as CMS Medicare conditions of participation, and will continue to do so following the implementation of the proposed relocation of FH Orlando's CMR unit to WPMH. The applicant maintains that the FH Orlando and WPMH CMR units are accredited by CARF, which will extend to the proposed program.

- (2) **Licensure provisions. Applicants proposing new comprehensive rehabilitation inpatients services shall state how they will comply with the provisions of hospital licensure as defined in 59A-3.066, Florida Administrative Code.**

The applicant states that this criterion is not applicable as the proposed project does not establish new CMR services, but rather consolidates existing services to one location. The applicant affirms that it is a licensed hospital and maintains that it meets all requirements defined by rule.

f. **Services Description. An applicant for comprehensive medical rehabilitation inpatient services shall provide a detailed program description in its certificate of need application including:**

- (1) **Age group to be served**

The applicant states that the consolidated program will focus primarily on the adult population (18+), as this age group is the primary user of inpatient CMR services.

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

FH Orlando indicates the proposed program will provide an array of specialized services including:

- Amputees
- Stroke
- Spinal cord injury

- Organ transplant
- Cancer
- Parkinson's
- Congenital deformity
- Major multiple trauma
- Fracture of femur
- Brain injury
- Multiple Sclerosis
- Muscular dystrophy
- Guillain-Barre Syndrome

The applicant states that the physical design of the proposed consolidated 50-bed unit will separate patients based on diagnosis. Specifically the fourth floor build-out will include 20 CMR beds that will primarily be utilized for general rehabilitation for spinal cord injury, orthopedic and organ transplant patients. The applicant indicates that the fifth floor build-out will be utilized for patients with brain injury, stroke and other neurological conditions.

The applicant provides a partial list of rehabilitation specific equipment, along with description of its capability and functions on pages 38-42 of CON application #10521.

(3) Proposed staffing, including qualifications of the medical director, a description of staffing appropriate for any specialty program and a discussion of the training and experience requirements for all staff who will provide comprehensive medical rehabilitation inpatient services.

The applicant asserts that both FH Orlando and WPMH have extensive CMR staff in-house, as well as experience in recruiting qualified therapy staff. The applicant indicates that there will be a need to recruit additional therapy staff and rehabilitation nurses. The applicant restates that it anticipates that most staff members will transfer from FH Orlando to WPMH to staff the proposed CMR addition.

The applicant asserts that all staff members within Florida Hospital Rehabilitation undergo a rigorous orientation program that covers hospital-wide protocols and training, as well as department specific training and workshops to ensure ongoing proficiency in job requirements, staff members also participate in education related to advanced therapy topics and techniques. The applicant provides the following staffing patterns for year one (ending August 31, 2020) and year two (ending August 31, 2021).

Florida Hospital (CON application #10521 Projected Year One (Ending August 31, 2020) and Year Two (Ending August 31, 2021) Staffing Pattern		
	Year One 2020	Year Two 2021
CMR Dedicated Staff		
RN	29.8	37.2
Patient Care Tech	18.7	23.4
ANM	6.7	8.4
NM	2.0	2.0
Receptionist/Unit Coordinator	2.0	2.0
Physical Therapist	8.0	10.0
Physical Therapist Asst.	1.6	2.0
Occupational Therapist	8.0	10.0
Occupational Therapist Asst.	1.6	2.0
Speech Therapist/CFY	4.8	6.0
Therapy Tech	3.2	4.0
Recreation Therapist	2.1	2.6
Case Manager/Social Worker	2.0	2.5
Admissions Nurse Liaison	4.5	5.7
Admissions Assistant	1.0	1.0
Therapy Manager	1.6	2.0
PPS Coordinator	1.6	2.0
Clinical Director	1.0	1.0
Continuum Manager	1.0	1.0
Quality/Regulatory Manager	1.0	1.0
Medical Director	0.5	0.5
Total	102.7	126.3

Source: CON application #10521, Schedule 6A

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

The applicant states that FH Orlando and WPMH currently utilize a variety of recruitment sources and tools to fill open positions within the CMR service line, including promoting from within Florida Hospital System when possible, utilization of Florida Hospital/Adventist Health System-wide recruitment personnel/resources, utilization of professional recruitment agencies/services when necessary and advertisement in local, state and national media and professional publications. The applicant notes that the Florida Hospital System has relationships with educational programs and can access potential recruits from those institutions.

(5) Expected sources of patient referrals.

The applicant anticipates a majority of admissions to the proposed consolidated inpatient CMR program will originate from inside the Florida Hospital System's acute care units. The applicant asserts that given the depth and breadth of Florida Hospital Rehabilitation's current expertise in the provision of physical rehabilitation in the inpatient setting, including specialty programming and care for high acuity patients, it is likely that

patients will continue to be referred from outside facilities for care. Given that FH Orlando and WPMH are 4.5 miles apart, the applicant does not anticipate a shift in referral sources for the proposed CMR unit.

(6) Projected number of comprehensive medical rehabilitation inpatient services patient days by payer type, including Medicare, Medicaid, private insurance, self-pay and charity care patient days for the first two years of operation after completion of the proposed project.

The applicant’s Schedule 7A projects the following patient days by payer types for the first two years (ending August 31, 2020 and August 31, 2021 respectively) of for the proposed CMR addition.

Projected CMR Patient Days by Payor, Year 1 and 2 of Operation				
Payor	Year 1 2019	Percent of Total	Year 2 2020	Percent of Total
Self-pay	325	2.6%	403	2.6%
Medicaid	507	4.0%	650	4.0%
Medicaid HMO	637	5.0%	806	5.0%
Medicare	5,980	46.9%	7,566	46.9%
Medicare HMO	1,911	15.0%	2,418	15.0%
Other Managed Care	3,380	26.5%	4,277	26.5%
Total	12,740	100.0%	16,120	100.0%

Source: CON application #10521, Schedule 7A

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

The applicant states that Adventist Health System, which includes WPMH and FH Orlando, accepts all patients, regardless of ability to pay. The applicant maintains that Adventist/Florida Hospital facilities are among the most financially accessible in the entire state, noting that in CY 2016, Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital, provided more than \$1.148 billion in bad debt and charity care. Adventist Health System hospitals in District 7 include the following hospitals on a single license:

- Florida Hospital Orlando
- Florida Hospital Altamonte
- Florida Hospital Apopka
- Florida Hospital Celebration Health
- Florida Hospital East Orlando
- Florida Hospital Kissimmee
- Winter Park Memorial Hospital

FH Orlando states that its charitable mission, policies and procedures for financial assistance and full write-off of medical bills currently extends to the CMR unit at WPMH and will carry over to the proposed consolidated CMR program. The applicant provides a copy of its charity policy in Exhibit I of CON application #10521.

g. Utilization Reports. Facilities providing licensed comprehensive medical rehabilitation inpatient services shall provide utilization reports to the Agency or its designee, as follows:

- (1) Within 45 days after the end of each calendar quarter, facilities shall provide a report of the number of comprehensive medical rehabilitation inpatient services discharges and patient days which occurred during the quarter.**

The applicant states that FH Orlando and WPMH currently report to the Agency or its designee, their utilization data including CMR discharges and patient days by quarter. The applicant asserts that it will continue to do so once the beds are consolidated to WPMH.

3. Statutory Review Criteria:

a. Is need for the project evidenced by the availability, quality of care, accessibility and extent of utilization of existing health care facilities and health services in the applicant's SA?

The applicant reiterates that the proposal has been developed to most effectively implement and utilize CMR bed capacity in its Orange County facilities and asserts that the proposed project will:

- Create economies of scale resulting from a larger critical mass of CMR beds on one campus in the county.
- Decrease implementation cost of approved CMR bed capacity at both FH Orlando and WPMH, as implementation of both projects in their current locations would require significant construction.
- Allow AHS/FH to potentially develop expanded specialized programming based on a large number of beds and mix of patients in one location.
- Have no impact on existing facilities or patients given that FH Orlando and WPMH serve largely the same service area for CMR and will be serving their existing patients, simply concentrated in one location.
- Will not affect the inventory of CMR beds in Orange County, as both FH Orlando and WPMH are existing CMR providers with approved bed expansions.

The applicant contends that CMR services are a critical component of the continuum of care within the Florida Hospital System and in order to ensure beds are accessible and available, the proposed consolidation of CMR services to one location will create a critical mass of CMR patients which will afford Florida Hospital Rehabilitation the opportunity to create dedicated floors for specific patient types. The applicant asserts that the proposed CMR program has been designed utilizing unique features that will enhance the patient experience, increase efficiency of care and ultimately result in better overall patient outcomes.

b. Does the applicant have a history of providing quality of care and has the applicant demonstrated the ability of providing quality care? ss. 408.035(1)(c), Florida Statutes.

The applicant attests to historically providing a high quality of care within its existing program, noting that both FH Orlando and WPMH are currently accredited by DNV-GL¹ Healthcare. The applicant also notes that FH Orlando is a comprehensive stroke center and was awarded the American Heart Association and Stroke Association's Get with the Guidelines® Gold Plus Target Honor Roll Elite certification in 2017 and 2018. The applicant indicates the WPMH also receive this certification in 2018 and is a primary stroke center and received AHA/ASA Get with the Guidelines® Silver Plus certification in 2017.

The applicant states to routinely utilize the Plan-Do-Study-Act model of performance evaluation and improvement for several key variables. The applicant employs the Program Improvement Procedure (PIP), which outlines the steps to identify the results of services and effects of the CMR program on the persons served. The applicant indicates that the PIP includes time prescribed measurable objectives, effectiveness and efficiency measures as well as patient program evaluation. The applicant maintains that all activities, accreditations and certifications ensure that Florida Hospital Rehabilitation provides high quality care and a high level of expertise in the field of rehabilitation. The applicant includes its "Standard Operation Procedures for Program Improvement in Rehabilitation" in Exhibit G of CON application #10521.

The applicant contends that through its licensed facilities, Adventist Health System/Florida Hospital provides a wide range of health services, including many nationally and internationally recognized programs in cardiology, cancer, women's medicine, neurosciences, diabetes, orthopedics, pediatrics, transplant and advanced surgical programs. The applicant indicates that it is a designated statutory teaching hospital and

¹ DNV-GL is an international accredited registrar and classification society headquartered near Oslo, Norway. DNV-GL Healthcare provides accreditation and clinical excellence certifications to American hospitals. <https://www.dnvglhealthcare.com/>

trains physicians from all around the world on the newest technologies. The applicant provides a detailed list of Florida Hospital facilities awards, recognitions and certifications for quality and patient safety on pages 57-60 of CON application #10521.

Agency records indicate for the 36-month period ending March 12, 2018, Adventist Health System (controlling interest) had 34 substantiated complaints among a total of 5,618 licensed beds distributed among 24 facilities. FH Orlando had three substantiated complaints and WPMH had one substantiated complaint during the same 36-month period. A single complaint can encompass multiple complaint categories. The substantiated complaint history for Adventist Health System are listed below.

Adventist Health System Substantiated Complaint History 36 Months Ending March 12, 2018	
Complaint Category	Number Substantiated
Emergency Access	6
Admission, Transfer & Discharge	2
EMTALA	3
Quality of Care/Treatment	7
Nursing Services	4
Physician Services	1
Administration/Personnel	2
Resident/Patient/Client Assessment	2
Infection Control	3
Resident/Patient/Client Rights	2
Life Safety Code	2
Total	34

Source: Florida Agency for Healthcare Administration Complaint Records

FH Orlando and WPMH Substantiated Complaint Categories 36 Months Ending March 12, 2018	
Complaint Category	Number Substantiated
Nursing Services	1
Quality of Care/Treatment	1
Life Safety Code	1
Admission, Transfer and Discharge Rights (WPMH)	1

Source: Florida Agency for Healthcare Administration Complaint Records

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

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance on the likelihood that

funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The below is an analysis of the audited financial statements of Orlando Health (Applicant) where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. All figures but ratios are in thousands.

Adventist Health System (in thousands)		
	Dec-17	Dec-16
Current Assets	\$8,263,575	\$7,413,654
Total Assets	\$15,467,851	\$14,245,138
Current Liabilities	\$2,581,249	\$2,407,451
Total Liabilities	\$5,899,066	\$5,843,977
Net Assets	\$9,568,785	\$8,401,161
Total Revenues	\$10,083,125	\$9,651,689
Excess of Revenues Over Expenses	\$1,123,166	\$755,719
Cash Flow from Operations	\$1,473,583	\$1,043,701
Short-Term Analysis		
Current Ratio (CA/CL)	3.2	3.1
Cash Flow to Current Liabilities (CFO/CL)	57.09%	43.35%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	34.7%	40.9%
Total Margin (ER/TR)	11.14%	7.83%
Measure of Available Funding		
Working Capital	\$5,682,326	\$5,006,203

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

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$1,632,523,855, which includes this project (\$26,841,200), all projects of the legal applicant, maturities of long-term debt, Winter Park 50-bed CMR unit, and contingency. The applicant provided a copy of its December 31, 2017 and 2016 audited financial statements. These statements were analyzed for the purpose of evaluating the applicant’s ability to provide the capital and operational funding necessary to implement the project. Based on our analysis above, the applicant has an adequate financial position.

Conclusion:

Funding for this project and all expected project should be available as needed.

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

Analysis:

Our comparison is of the applicant’s estimates to all currently operating rehabilitation hospitals in Florida.

The applicant will be compared to the latest AHCA filings for other rehabilitative hospitals, which consists of fiscal year end 2016. Inflation adjustments were based on the new CMS Market Basket, 3rd Quarter, 2017.

	PROJECTIONS PER APPLICANT		Group Data		
	Total	PPD	Highest	Median	Lowest
Net Revenues	29,064,065	1,803	2,314	1,644	1,491
Total Expenses	24,252,026	1,504	2,330	1,319	1,137
Operating Income	4,812,039	299	521	274	(31)
Operating Margin	16.56%				
	Days	Percent			
Occupancy	16,120	88.33%	98.49%	76%	54%
Medicaid/MDCD HMO	1,456	9.03%	8.24%	1%	0%
Medicare/MCARE HMO	9,984	61.94%	90.18%	63%	45%

A net revenue per patient day (NRPD), cost per patient day (CPD), and operating income per patient day (OIPD) closer to the median values are considered more reasonable.

NRPD, CPD, and OIPD are all within the control group range. The projections are considered to be reasonable.

Conclusion:

This project appears to be financially feasible.

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

Analysis:

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

Conclusion:

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

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

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule. It is noted that the submitted plans do not specifically include an area for teaching daily living activities or an area personal services as required by code. These areas can be incorporated into the design of therapy gym without a significant increase in costs.

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

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

The table below illustrates the Medicaid/Medicaid HMO days and percentages, as well as charity care percentages, provided by Adventist Health System Florida facilities for FY 2016, according to the Florida Hospital Uniform Reporting System (FHURS). Per FHURS, statewide, for FY 2016, AHS provided 13.45 percent of patient days to Medicaid/Medicaid HMO and 3.80 percent of patient days to charity care. See the table below.

Adventist Health System Statewide Medicaid/Medicaid HMO and Charity Care Data FY 2016				
Applicant's Parent	Medicaid and Medicaid HMO Days	Medicaid and Medicaid HMO Percentage	Percent of Charity Care	Percent Combined Medicaid, Medicaid HMO and Charity Care
Adventist Health System	172,697	13.45%	3.80%	17.25%

Source: FHURS data for FY 2016

In terms of uncompensated care defined as bad debt and charity care, the applicant asserts that Florida Hospital is the most financially accessible hospital entity in Florida. Based on statewide data generated from FHURS, the applicant reports that Florida Hospital provided more than 1.148 million of bad debt and charity care in the twelve-month period ending December 31, 2016, which the applicant states is more than any other licensed hospital entity in Florida. The applicant further states that during the same time period, Medicaid recipients accounted for 14.1 percent of its total inpatient days.

The applicant expresses its commitment to financial accessibility within the communities it serves, asserting that there are numerous policies and procedures in place to ensure that all patients have access to high quality medical and surgical care regardless of payment source. The applicant details Florida Hospital's 2014-2016 history of provision of Medicaid, Medicaid managed care, bad debt and charity care. See the table below.

Florida Hospital Three-Year Financial Access Summary			
	2014	2015	2016
Medicaid Patient Days	62,542	33,327	30,198
Medicaid HMO Patient Days	6,691	68,572	69,515
Medicaid + Medicaid HMO Patient Days	69,233	101,899	99,713
Total Patient Days	682,824	682,165	709,272
Medicaid + Medicaid HMO Percent of Total Patient Days	10.1%	14.9%	14.1%
Bad Debt	\$152,674,294	\$288,248,046	\$379,678,333
Charity Care	\$899,224,892	\$660,413,085	\$769,147,419
Bad Debt + Charity Care	\$1,051,899,186	\$948,661,131	\$1,148,825,752
Total Revenue	\$12,428,616,737	\$13,648,365,665	\$15,405,722,714
Bad Debt + Charity Care Percent of Total Revenue	8.5%	7.0%	7.5%

Source: CON application #10521, Page 68

The applicant's Schedule 7A indicates 9.0 percent Medicaid/Medicaid HMO and 2.6 percent self-pay/charity, total annual patient days for year one (ending August 31, 2020) and year two (ending August 31, 2021) respectively. The applicant does not propose any Medicaid conditions for the proposed project.

F. SUMMARY

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital (CON #10521), proposes to add 20 CMR beds through the delicensure and addition of 10 existing and 10 approved CMR beds from FH Orlando to WPMH, both within District 7, Orange County.

The project involves 61,991 GSF of renovation. The renovation cost is \$14,250,000. Total project cost is \$26,841,200. Project cost includes building, equipment, project development and start-up costs.

The applicant proposes two conditions to CON approval on the application's Schedule C.

Need:

In Volume 44, Number 13 of the Florida Administrative Register, dated January 19, 2018 a fixed need pool of zero beds was published for CMR beds for District 7 for the July 2023 planning horizon. Therefore, the applicant is applying outside the fixed need pool.

As of January 19, 2018, District 7 had 273 licensed and 20 approved CMR beds. During the 12-month period ending June 30, 2017, District 7 experienced 71.96 percent utilization on 245 licensed CMR beds. For this same timeframe, the statewide average utilization rate was 70.28 percent.

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital (CON #10521), states that the proposal has been developed to most effectively implement and utilize CMR bed capacity in its Orange County Facilities and asserts that the proposed project will:

- Create economies of scale resulting from a larger critical mass of CMR beds on one campus in the county
- Decrease implementation cost of approved CMR bed capacity at both FH Orlando and WPMH, as implementation of both projects in their current locations would require significant construction
- Allow AHS/FH to potentially develop expanded specialized programming based on a large number of beds and mix of patients in one location.
- Have no impact on existing facilities or patients given that FH Orlando and WPMH serve largely the same service area for CMR and will be serving their existing patients, simply concentrated in one location
- Will not affect the inventory of CMR beds in Orange County, as both FH Orlando and WPMH are existing CMR providers with approved bed expansions

CON application #10521 proposes to consolidate licensed and approved beds within a single county, district and health system to a single facility for the purposes of enhancing access and availability of CMR services to residents while promoting quality and cost-effectiveness through economies of scale. The information presented by the applicant on demographics, utilization, current conditions and trends, in weighing and balancing the “not normal circumstances” outside of published need and the fact that the proposed project will not add any new approved beds to the CMR inventory, along with the criteria of 408.035 (1), F.S., and 59C-1.039, Florida Administrative Code, merit approval of the addition of 20 CMR beds to WMPH through the delicensure of 10 beds at FH Orlando and the withdrawal of Exemption #170012.

Quality of Care:

The applicant demonstrated the ability to provide quality care.

Agency records indicate for the 36-month period ending March 12, 2018, Adventist Health System had 34 substantiated complaints among a total of 5,618 licensed beds distributed among 24 facilities. FH Orlando had three substantiated complaints in separated categories and WPMH had one substantiated complaint for the same 36-month period.

Cost/Financial Analysis:

Funding for this project and all expected project should be available as needed. This project appears to be financially feasible. This project is not likely to have a material impact on competition to promote quality and cost-effectiveness.

Medicaid/Indigent Care

The applicant’s Schedule 7A indicates 9.0 percent Medicaid/Medicaid HMO and 2.6 percent self-pay/charity, total annual patient days for year one (ending August 31, 2020) and year two (ending August 31, 2021) respectively. The applicant does not propose any Medicaid conditions for the proposed project.

Architectural Analysis

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

It is noted that the submitted plans do not specifically include an area for teaching daily living activities or an area personal services as required by code. These areas can be incorporated into the design of therapy gym without a significant increase in costs.

G. RECOMMENDATION

Approve CON #10521 to add 20 CMR through the delicensure and addition of 10 existing and 10 approved CMR beds from Florida Hospital Orlando's main campus to Winter Park Memorial Hospital in District 7, Orange County. The total project cost is \$26,841,200. The project involves 61,991 GSF of renovation and a renovation cost of \$14,250,000.

CONDITIONS:

- Permanent Closure of Existing CMR Unit at Florida Hospital Orlando
 - Specifically, the applicant will:
 - Close the 10-bed CMR unit at Florida Hospital Orlando
 - Permanently delicense 10 CMR beds at Florida Orlando
 - Add the 10 existing and 10 approved CMR beds from FH Orlando to Winter Park Memorial Hospital to create a 50-bed CMR program
- Specialized CMR equipment/programming
 - The applicant will create four bariatric rooms that are larger in square footage and have the required equipment (beds, wheelchairs, etc.) to accommodate patients weighing up to 750 pounds
- Florida Hospital will submit a withdrawal of Exemption #E170012 with the issuance of CON #10521.

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