STATE AGENCY ACTION REPORT

ON APPLICATIONS FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital/CON #10569
11375 Cortez Boulevard
Brooksville, Florida 34613

Authorized Representative: Mickey Smith
Chief Executive Officer
(352) 596-6632

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center/CON #10570
PO Box 147006
Gainesville, Florida 32614

Authorized Representative: C. Eric Lawson
Chief Executive Officer
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2. Service District/Subdistrict

District 3/Alachua, Bradford, Citrus, Columbia, Dixie, Gilchrist, Hamilton, Hernando, Lafayette, Lake, Levy, Marion, Putnam, Sumter, Suwannee and Union Counties

B. PUBLIC HEARING

A public hearing was held at WellFlorida Council, Inc. from 9:30 am – 12:30 pm at the WellFlorida Council, Inc., in Gainesville, Florida. A public hearing on CON application #10569 (HCA Health Services of Florida, Inc.) was requested by Seann M. Frazier of Parker, Hudson, Rainer and Dobbs.

Mickey Smith, CEO of Oak Hill Hospital and authorized representative for the proposed project, spoke first by providing an overview of Oak Hill Hospital's (OHH) 35-year operations, services and ongoing expansions in

Hernando County. Mr. Smith described ongoing community development projects and rapid growth within the service area. He noted that Hernando County has a sizeable 65+ population which is among one of the highest 65+ concentrations in the country. Mr. Smith discussed the utilization of hospital services by the 65+ population including vascular stroke and orthopedic procedures. He indicated that OHH has the busiest joint replacement center within a three-county area.

He maintained that OHH has unique services including: 24/7 in-house intensivists/radiologists, the sole inpatient pediatric unit within a three-county area (Citrus, Hernando, and Pasco), obstetrics and a teaching hospital designation[1] with residency programs. Mr. Smith noted that the proposed comprehensive medical rehabilitation (CMR) services will significantly benefit internal, family and geriatric medicine programs currently available at OHH. Mr. Smith concluded by emphasizing the current scope of services, quality of nursing staff and growth of the community overall.

Randy Kitchen, Regional Vice President of Hospital Corporation of America (HCA), spoke next on behalf of HCA and its support of rehabilitation programs nationally. Mr. Kitchen noted that HCA is the second largest provider of acute rehabilitation services nationally and the largest provider of hospital-based rehabilitation services. He maintained that HCA has made a significant commitment to support rehabilitation programs and discussed the corporation's prioritization of quality.

Mr. Kitchen described HCA's Florida CMR operations and the corporation's use of UDS which provides data and benchmarking support—noting that eight of 11 CMR programs are CARF accredited and all programs are members of AMRPA. He also detailed how an electronic medical record was developed specifically for rehab. Mr. Kitchen stated that HCA prioritizes certification and discussed the certification of nurses and prospective payment system coordinators. He concluded with acknowledging the significant capital investments HCA contributes to its rehabilitation programs.

Dan Sullivan, Sullivan Consulting, provided a presentation of the project and discussed the history of OHH as well as staffing, accreditations/ certifications, growth in use across service lines and proposed service expansions. He also expounded on historical post-acute rehabilitation operations implemented nationally by HCA.

[1] The reviewer notes that according to FloridaHealthFinder data examined on May 20, 2019, OHH is not designated as either a Family Practice Teaching Hospital nor as a Statutory Teaching Hospital

Mr. Sullivan provided a summary of the proposed project, including:

- Citrus Memorial Hospital (CMH), an affiliate, is located in adjoining Citrus County, which has no CMR beds.
- OHH's acute care service area includes Hernando County and portions of Citrus County.
- The service area for OHH's CMR unit is expected to include Hernando and Citrus Counties.
- There is a single CMR provider in the service area, Encompass Health Rehabilitation Hospital of Spring Hill (ESH), a freestanding facility located near OHH.
- District 3 is a large geographic region, and the other CMR providers in the district are distant from OHH.
- The population of the proposed service area is proportionately older than Florida as a whole, while growing rapidly. This drives the need for additional CMR services.

Maps of OHH's acute and CMR service areas and existing District 3 CMR providers are provided along with forecasted population changes in Citrus and Hernando Counties by age. Mr. Sullivan maintained that OHH's capacity to implement the program is evidenced and supported by the implementation of CMR programs by its parent-company, HCA.

Mr. Sullivan presented arguments that are summarized within the application and this report which include:

- CMR bed need methodology
- AHCA's recognition of "not normal" circumstances in previously approved CMR projects
- OHH's "not normal circumstances", quantitative analysis and letters of support demonstrating access issues with care, including:
  - High utilization of existing CMR providers
  - Financial barriers to discharging Medicaid and charity patients to CMR
  - Other clinical limitations to discharging patients to CMR
  - Declining proportion of patients OHH has been able to discharge to CMR
  - Lack of an acute hospital-based unit in the service area
  - Older and growing service area population requiring CMR
- The high utilization of District 3 CMR providers
- Financial access barriers for Medicaid and self-pay/charity patients needing CMR care
- Payor mix and market share comparisons across existing providers within the service area
- Changes in CMR patient discharges, including post-acute care discharges by location, by age from the 12-month period ending June 30, 2016 – June 30, 2018
- HCA hospital-based CMR discharges by payor

- The capacity for OHH's proposed project to remedy financial access barriers and outcomes through improving access to Medicaid and self-pay/charity patients outlined within the proposed payer mix of the project
- The continuity of care and financial accessibility of care presented through a hospital-based CMR unit
- The capacity for the proposed OHH CMR beds to be well-utilized
- Utilization and use rate comparisons across Citrus and Hernando Counties
- The anticipated minimal adverse impact on existing providers from the proposed project
- The capacity to discharge larger numbers of non-trauma patients to CMR as evidenced through affiliate HCA CMR providers

Next Craig Miller, Esquire, from Rutledge Ecenia, spoke identifying himself as the legal representative of North Florida Regional Medical Center (NFRMC) asserting that the Agency and WellFlorida Council, Inc. lack standing to conduct the public hearing for CON application #10570, since there was no public hearing requested or granted for CON application #10570. Mr. Miller states that any materials or arguments considered on behalf of CON application #10570 during the hearing would violate section 408.039, Florida Statutes.

Seann Frazier spoke next representing ESH and presented in opposition to CON application #s 10569. Mr. Frazier stated that HCA has historically made a concerted effort to expand CMR programs to promote corporate profitability which does not necessitate community need which is calculated through the need methodology's function in predicting beds geographically. He maintained that the need formula reflects excess bed capacity which was enlarged by the approval of West Marion Community's (an HCA facility) 12-bed CMR unit in Marion County (District 3).

Mr. Frazier asserted that in the absence of need, applicants must present a higher legal standard and present special circumstances which are not evident in the application. He concluded by noting that many arguments advanced in the application, such as stroke designations and increases in elderly aging populations, are commonplace among Florida hospitals and geographic areas.

Lori Bedard, Regional Vice-President of Operations for Encompass Health, next discussed her professional experience as a physical therapist with rehabilitation experience and that she has worked with Encompass Health since 1997. Ms. Bedard rebutted accessibility arguments presented within CON application #10569 which suggested an absence of available bed capacity in Hernando County, financial

accessibility issues for Medicaid/charity patients, a need for specialty rehab services for stroke patients, a need for CMR beds due to bundled payment initiatives or a lack of competition.

She described the history of ESH and listed accreditations of the hospital and the use of UDS systems. Ms. Bedard indicated that ESH has performed well on national and internal quality ranking reports of rehabilitation facilities in recent years. She maintained that ESH routinely deals with high acuity patients and serves patients with CMIs that are greater than the national average and most other Encompass providers. Ms. Bedard noted that ESH has lower transfer rates for stroke and femur cases. She affirmed that ESH has a good reputation as a provider due to patient outcomes and a focus on patient-centered care.

As a result of Comprehensive Care for Joint Replacement (CJR) and Bundled Payments for Care Improvement (BPCI) and other advanced payment models, Ms. Bedard stated that ESH has experienced declines in referrals and admissions from OHH. Ms. Bedard determined that OHH refers a larger volume of patients to settings outside of rehabilitation facilities due to payment incentives derived from lower cost episodes of care. Ms. Bedard indicated that patient testimonials express that staff at OHH discourage them from CMR settings. Ms. Bedard continued to explain the payment process for CMR services under BPCI. Despite clinical recommendations and the resources available at existing providers like ESH to treat stroke patients, Ms. Bedard maintained that ESH has experienced a decline in referrals and admissions from OHH due to payment incentives from advanced payment models.

In response to claims that Medicaid and charity care patients lack accessible CMR services, Ms. Bedard noted that elderly/Medicare eligible patients are the primary users of CMR services and Medicaid patients require authorization prior to receiving services. Ms. Bedard rebutted the notion that patients are being refused admission due to their payor status.

She detailed the volume of admissions referred from neighboring HCA facilities to ESH and expects significant adverse financial impact stemming from implementation of the proposed project which will also detrimentally affect the quality of services currently offered. Ms. Bedard concluded by boasting of ESH's accomplishments as a CMR provider and maintaining that CMR services are available within the service area—therefore, denial of the proposed project is warranted.

Marty Chafin spoke next in opposition to CON application #10569 and expressed that access to CMR for Medicaid and charity care patients is constrained by the volume of referrals from OHH to ESH. Broadly, Ms. Chafin indicated that patients are not being referred in order to be

accepted at ESH. She indicated that the volume of Medicaid/charity care patients forecasted in the proposal is consistent with volumes that are currently referred from OHH.

Ms. Chafin stated that the 65+ population within the area ranks #1 in Florida for access to CMR services and Medicare patient discharge days to CMR—inferring that there is not an access issue in Hernando County for CMR services. In response to arguments asserting access issues for Citrus County residents, she noted that ESH is located 1.5 miles from OHH and that the proposed CMR will not enhance access to services geographically.

She concluded by noting that 54.0 percent of admissions at ESH are from HCA facilities which are expected to be diverted to HCA facilities in the area upon implementation of approved/proposed projects.

Seann Frazier spoke again on behalf of UF Health Shands Rehab Hospital (UHRH) in opposition to CON application #10570. Mr. Frazier reiterated that the need circumstances for CON application #10570 mirrored that of Hernando County as District 3 has 31 excess beds within the service area.

Marina Cecchini, CEO of UHRH, spoke in opposition to CON application #10570. She began by describing the history of the hospital's operations beginning in 1987. Ms. Cecchini discussed the hospital's inventory, scope of services, expansions and initiatives that center on community needs. Ms. Cecchini detailed the amenities and services available at the new replacement facility which will accommodate 10 additional beds.

She indicated that expansions will be paced with an 80.0 percent occupancy standard at the facility. Ms. Cecchini concluded her statement by addressing patient satisfaction with the services available at the facility and approval of the project will duplicate and dilute services within the area.

Suzanne Questell, a physical therapist at UHRH, followed by describing the services, programs and resources available at the existing facility. She asserted that the UHRH emphasizes returning patients home in the most independent circumstances. Ms. Questell described the specialty accreditations and certification programs of the existing facility, including: CARF, stroke, traumatic brain injury, spinal cord and amputee (pending).

Ms. Questell underscored the importance of having sufficient specialty staff and patient volume to meet and maintain accreditation standards. She noted UHRH utilization of tracking systems to trend outcomes and the development of programs created to address community needs.

Ms. Questell asserted that significant investments are made to identify community needs utilizing community liaisons to conduct outreach/support activities for a variety of specialty populations.

Mark Richardson, health planner, spoke next reiterating the absence of numerical need in District 3 including excess beds created through the recent approval of West Marion Community's 12-bed CMR unit. Mr. Richardson indicated that the need arguments presented by the applicant are inappropriate there is sufficient bed availability within the service area and UHRH can accommodate cost-effective expansions when need arises. He rebutted claims that UHRH preferentially admits patients from its affiliate facilities over patients from NFRMC. Mr. Richardson maintained that UHRH accepts all patients as long as they are appropriate for care.

Mr. Richardson contended that the proposed project will duplicate services without addressing community needs in light of geographic, financial access barriers or issues with quality. He discussed preferences in rule for trauma providers and noted that NFRMC is not a trauma provider. Mr. Richardson determined that with significant geographic service overlap, patients served at the proposed CMR site will be diverted from UHRH and project implementation will result in the duplication and dilution of services within the service area.

Craig Miller spoke again on behalf of OHH and stated that Medicaid and charity care patients are not referred to ESH because these patients will not be accepted. Mr. Miller asserted that many "not normal circumstances" support approval of the proposed project. He maintained that OHH does not control a pipeline of patients referred to ESH—he asserted that patients that are deemed appropriate are referred for care. Mr. Miller indicated that these HCA-affiliated proposed projects were submitted in light of community needs and not corporate objectives as alleged. Mr. Miller does not place any weight on the validity to patient testimonials that suggest that OHH does not appropriately refer patients. He concluded by noting that patients currently not accepted at ESH will be referred to OHH's CMR program.

Dan Sullivan noted that Encompass providers are below District 3 and Florida's averages for the provision of care to Medicaid and charity care patients. He argued that access issues for these patients are due to admission practices and not Medicaid managed care authorizations.

Mr. Sullivan stated that the adverse impact forecasts presented by area providers assume that there will be no growth to offset any adverse impact from diverted admissions. He maintained that the proposed project allows for easier access for CMR patients from Citrus County seeking care at OHH, while conceding that the proposal does not offer any broad geographic enhancements. Mr. Sullivan concluded by stating that not normal circumstances exist and warrant approval of the proposed project.

Mickey Smith maintained that as CEO of OHH, he does not refer patients to CMR and relies on the professional expertise of clinical staff and implements organizational practices to refer patients to the most cost-effective and quality environment for the best outcomes—these are the only incentives for the payment methodology taken into account.

Katherine Roseus spoke next and described awards and distinctions received by the 6th Floor Ortho/Spine Unit at OHH which is ranked highly among medical/surgical units at HCA. Ms. Roseus discussed the diversity of patients treated within the unit who require CMR services but are denied due to factors like their insurance status. Ms. Roseus stated that there are access issues facing patients including transportation issues. She maintained how OHH prioritizes a patient-centered focus in providing care. She indicated that clinical staff refer patients based on professional expertise recommendations. Ms. Roseus attested to patients being denied admission to Encompass which resulted in extended patient stays in an acute care setting and can result in peer-peer/ doctor-doctor reviews which deter OHH's referrals to Encompass.

John Gerhold, COO at NFRMC, spoke next addressing the previously mentioned UHRH's community initiatives. Mr. Gerhold discussed financial access barriers faced by patients seeking care at UHRH--maintaining that it is not financially accessible to charity/indigent patients. He noted that NFRMC is a comprehensive stroke center and on average 10.0 percent of these patients are uninsured.

Craig Miller once again expressed that the public hearing should not be facilitated on behalf of CON application #10570. He noted that there is no available bed capacity at UHRH as NFRMC patients are not being accepted at the facility. Mr. Miller maintained that UHRH preferentially admits patients from its affiliate hospitals and cites disparities in admissions due to these preferences.

Mr. Miller contended that UHRH is the only accessible rehab hospital for NFRMC patients and described admission trends. He maintained that the proposal will not duplicate services or result in adverse impacts because patients targeted by the proposal are not currently being served by UHRH. Mr. Miller maintained that the proposed facility will have

comparable features and services as UHRH. He asserted that the proposed project will increase access, competition and serve Medicaid/indigent patients at a higher rate than UHRH. Mr. Miller maintained that the existence of a quality provider does not negate need for additional providers and determines that there is need for an additional provider within the service area.

Leanne Salazar, Chief Nursing Officer OHH, provided commentary noting that OHH continuously improved the quality of staff and services provided to the community. Ms. Salazar commented on the proportion of board-certified nurses and case management staff employed at the hospital. She noted that OHH has lower nurse turnover rates than national averages. Ms. Salazar maintained that OHH has a solid foundation and the support from HCA to provide exceptional services with the objective that all patients will have equal access to needed services. Joy McGregor, a nurse at OHH, attested to seeing many cases of patients not accepted by Encompass which led to extended lengths of stay.

Seann Frazier noted that NFRMC has been aware of the public hearing notice. He asserted that UHRH provides a level of Medicaid/charity care that exceeds the level of care forecasted within NFRMC's proposal. Mr. Frazier stated that the proposal will not improve access and will duplicate services.

Jennifer Gearhart, manager of nurse services on the 4th Floor at OHH spoke about the culture of excellence at OHH and discussed the facility's patient advocacy measures in ensuring patients are appropriately placed for care. In response to arguments against need, Ms. Gearhart noted financial access/payer status issues that prevent patients from accessing CMR services.

Craig Miller concluded the hearing by maintaining that NFRMCs discussion of the volume of patients discharged to rehab and states that internal data by UHRH is not reliable to rebut arguments that indicate disparities in access.

At the public hearing, two letters of opposition were received. These were from Chafin Consulting Group, opposing CON application #10569, submitted on behalf of ESH and from Parker, Hudson, Rainer and Dobbs, opposing CON application #10570 submitted on behalf of UHRH.

Chafin Consulting Group submitted written materials opposing the proposed project, CON application #10569, on behalf of ESH, an existing CMR provider in Hernando County. ESH anticipates that the proposed project would unnecessarily duplicate existing resources—as the Agency's need formula indicates a surplus of 19 beds. Opposition notes

that the final order for CON application #10499, to establish a 12-bed CMR project in Marion County, was approved on March 11, 2019 (after the publication of the fixed need pool)—creating a bed surplus of 31 beds within District 3. ESH expects a materially adverse impact from the proposed project due to its proximity to OHH and dependence on OHH and neighboring HCA hospitals for the majority of its CMR admissions.

ESH opposed the project and presented the following reasons for which denial of the project is warranted:

- There is no numeric need for the project and no special circumstances exist to warrant an exception to need.
- There are no CMR access issues or limitations for service area residents that the bed addition will address, including Medicaid, Medicaid managed care and self-pay/charity patients.
    - Oak Hill controls the pipeline of patients referred for CMR services and notably a minimal number of Medicaid and self-pay patients are referred to ESH.
    - OHH needs only one bed to serve its projected 27 Medicaid and self-pay patients in project year one, not 30.
    - OHH will face the same Medicaid authorization limitations on CMR services faced by all existing CMR providers.
- The proposed project will detrimentally impact ESH and adversely impact its ability to care for service area patients.

Opposition maintained that OHH's premise for its proposed hospital-based CMR unit is argued based on two reasons: the increasing aging service area population and stroke certification of the referring general acute care hospital. ESH asserted that both of these points when considered separately or together are not sufficient to argue "not normal circumstances" for the proposed project. Opposition stated that these experiences are typical and observable across the state of Florida--noting that 89 hospitals have Advanced Primary Stroke Care Center Certifications of Distinction from The Joint Commission. ESH determined that the need arguments presented in the application reflect a low standard of "not normal circumstances" especially when considering the existing bed supply and pending approved projects within the district.

ESH countered OHH's claims that Medicaid and charity care patients have CMR access issues. The following points were made in rebuttal to these claims:

- Hernando County has the highest CMR discharge rate and days per 1,000 Medicare beneficiaries (and Medicare beneficiaries utilize and benefit from CMR services the most)
- Citrus County residents' access to CMR services will not be enhanced by the proposed 30-bed unit located only 1.5 miles from ESH

- Stroke patients treated at OHH (and other general acute care hospitals) already have access to specially developed programs to ensure optimal patient outcomes for stroke patients at ESH
- OHH controls the pipeline of patients referred to ESH and other existing CMR providers

The following chart depicts OHH patient referrals to ESH from 2016 – 2018:

HCA Oak Hill Patient Referrals to Encompass Spring Hill					
	Calendar Year			2016-2018	
Financial Class	2016	2017	2018	# Change	% Change
Blue Cross/Blue Shield	41	45	24	-17	-41.5%
Commercial Insurance	10	12	20	10	100.0%
Managed Care	119	81	95	-24	-20.2%
Medicare Advantage	94	54	85	-9	-9.6%
Medicaid	**6**	**7**	**3**	**-3**	**-50.0%**
Medicare	974	772	695	-279	-28.6%
Other	24	22	22	-2	-8.3%
Self-Pay	**25**	**17**	**17**	**-8**	**-32.0%**
Workers' Comp.	1	1	1	0	0.0%
Total	**1,294**	**1,011**	**962**	**-332**	**-25.7%**

Source: ESH opposition statement, page 5,

Opposition maintained that the proposed CMR unit is not needed to care for the minimal number of Medicaid and self-pay patients OHH expects to serve--27 Medicaid and self-pay patients in project year one requiring only one CMR bed to meet those patients' needs. ESH asserted that OHH will face the same Medicaid authorization limitations on CMR services faced by all existing CMR providers.

ESH indicated that OHH and affiliated HCA hospitals account for 53.4 percent of ESH's admissions. Opposition provided a map in Attachment 2 to the written statement of opposition outlining the proximity of these HCA referring hospitals to ESH. Opposition noted the approval of CON application #10544 in Pasco County which is anticipated to increase bed availability at ESH by eight beds. ESH expected this increase in bed availability to be sufficient for serving Medicaid and charity care patients targeted in the proposed project. Opposition provided a table summarizing the volume of admissions from referring HCA hospitals to ESH. A consolidated reference to this table is reproduced below:

Encompass Spring Hill Admissions by Referring HCA WFD Hospital				
	CY 2016	CY 2017	CY 2018	YTD 19
Oak Hill Hospital Volume of Admissions	688	648	602	130
Oak Hill Hospital Percentage of Admissions	42.1%	37.7%	34.6%	33.7%
Total HCA Hospital Admissions Referred to Encompass Spring Hill	963	909	931	206
Encompass Spring Hill Total Admissions	1,633	1,721	1,738	386
HCA Admissions as % of Total	59.0%	52.8%	53.6%	53.4%

Source: ESH opposition statement, page 9. YTD 19 is from January 1, 2019 – March 18, 2019. Other HCA referring hospitals: Citrus Memorial, Medical Center of Trinity, and Regional Medical Center Bayonet Point

Upon implementation of the proposed project, ESH expects a 53.4 percent loss of patient volume from HCA admissions. This loss in admissions is expected to result in a loss of $9,914,134 in annual income. Opposition expects losses in admissions to result in staffing reductions as well.

ESH maintained that the proposed project will result in an unnecessary duplication of existing resources with a significant material adverse impact on existing providers, particularly ESH.

Attachments:

- ESH CEO Letter to HCA OHH regarding patient concerns and independent online review of ESH (Attachment 1)
- Service map with referring HCA hospitals identified (Attachment 2)

Parker, Hudson, Rainer and Dobbs provided a letter of opposition to CON application #10570 on behalf of UHRH, an existing CMR provider located in Alachua County. UHRH opposed the proposal due to the applicant's close proximity—approximately two miles from UHRH. Opposition asserted that approval of the proposed project would result in an unnecessary duplication of services in the absence of published need for CMR beds.

UHRH reiterated that there was a published absence of need for additional CMR beds within the district even before West Marion Community (an HCA-affiliate hospital) was approved to establish a 12-bed CMR bed unit per final order issued on March 11, 2019. Opposition maintained that the approval of West Marion Community's project in an area adjacent to southern Alachua County is further evidence of an absence of need for an additional CMR provider within District 3.

Opposition noted the bed availability at its existing facility—anticipated to accommodate current volume and expected growth in inpatient CMR services. UHRH indicated that it experienced an occupancy of 70.5 percent in its 50 licensed CMR beds and on average has 14.7 available beds daily to meet community need.

UHRH indicated expansion plans for its new facility which was licensed in March 2019 and was structured to accommodate 10 additional inpatient CMR beds which is available to meet community need. Opposition asserted that when examining actual licensed and approved inpatient CMR beds, District 3 CMR beds are actually occupied at 67.6 percent—below the 80.0 percent occupancy target. UHRH contended that District 3 has sufficient occupancy and bed availability to meet current and future needs.

In contrast to the proposed program described in CON application #10570, UHRH described a continuum of services available at its facility that are not included in the applicant's proposal which include:

- The provision of CMR care to post-transplant and cardiac care patients including LVAD patients
- The provision of CMR care to multiple significant trauma patients--UF Health Shands is a Level I Trauma Program while NFRMC has no trauma services
- The availability of in-house pharmacy services and an in-house radiology suite
- An airborne infection control room, splint room, patient laundry, patient dining area, serenity room, speech therapy treatment room including flexible endoscopic examination of swallowing (FEES), two gyms and a lactation room

Opposition noted that NFRMC will not provide access to new or needed programs but will instead erode the levels of service historically provided by existing providers. UHRH stated that while NFRMC proposes to gain Joint Commission accreditation for its proposed rehab program, UHRH is currently Joint Commission accredited and CARF accredited in spinal cord injury care, traumatic brain injury care, stroke care, and pending amputee care. Opposition emphasized that the proposed project's proximity to UHRH will not improve geographic access for patients needing CMR care.

UHRH rebutted the applicant's assertions that it provides preferential considerations for admission to its own patients and thereby constrains NFRMC's admissions to UHRH. Opposition supplied the following chart of referrals to UHRH. See the table below.

UF Health Rehab Referrals CY 2018	
HCA North Florida Referrals	449
HCA North Florida Admissions	190
HCA North Florida % Referrals Admitted	42%
UF Health Shands Referrals	1,795
UF Health Shands Admissions	742
UF Health Shands % Referrals Admitted	41%

Source: UHRH opposition statement, page 4

Opposition maintained that the number of admissions referred from NFRMC has increased from 111 admissions in CY 2016 to 190 admissions in CY 2018 (70 percent). UHRH noted that admissions from UF Health Shands declined from 854 in CY 2016 to 742 admissions in CY 2018. Opposition indicated that during CY 2018 there was a 3.7-day average time required to admit NFRMC patients to UHRH while there was a 5.2-day average time required to admit UF Health Shands patients. UHRH determined that this data reveals that it is neither biased against NFRMC patients nor biased in favor of UF Health patients. Opposition asserted that this data also refutes NFRMC's claim that a large number of patients are discharged to skilled nursing settings due to this presumed preference in admissions at UHRH.

UHRH discussed the proximity, geographic overlap and shared patient pool between its existing campus and the proposed project. Opposition expected for CMR admissions at NFRMC to result in losses in patient volume at UHRH as well as exacerbate nursing shortages that will result in increased competition within a limited pool of nurses trained to provide care for CMR patients.

Opposition concluded by stating that implementation of the proposed project will result in two low volume CMR programs with limited resources that will not match the level of care currently provided at UHRH. Opposition maintained that the proposed project should be denied.

Letters of Support

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) includes letters of support from case managers, hospital administrators, physicians and members of the community. The letters of support address difficulties with discharging Medicaid or self-pay/no pay patients to CMR services. A form letter theme is present within the letters of support.

Themes of these letters are summarized below:

- Difficulties with discharging Medicaid and/or charity care patients to Encompass which result in longer than necessary acute care inpatient stays
- Travel constraints with accessing CMR services
- The capacity to expand the scope of education of residents to different and lesser acute environments than the hospital
- OHH would have better capacity to transition patients to CMR services if there was a CMR unit on its campus
- Lack of bed availability at ESH which delays CMR care
- OHH cares for a population that requires additional medical care alongside CMR services
- The capacity to enhance continuity of care and accessibility of CMR services especially for Medicaid and uninsured patients
- Readmissions to OHH from patients discharged to CMR which affect the management of Medicare patient care costs through the bundled payment arrangement program

Letters are authored by:

- Jose L. Vargas, CEO, U.S. Physiatry
- Jared Salinsky, D.O., Center for Bone and Joint Disease
- Patricia Grady, MS, RN, CCM, Oak Hill Hospital
- Jennifer Hallock, RN, CM, Oak Hill Hospital
- Salman M. Muddasir, MD, FACP, Oak Hill Hospital
- Ralph A. Aleman, Citrus Memorial Hospital

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) includes letters of support from hospital staff, area health providers, community members and members of local government. A form letter theme is present within the letters of support.

Themes of the letters support are summarized below:

- Demand for an inpatient CMR facility by NFRMC due to a large volume of routine and complex orthopedic elective surgical procedures and trauma care patients over a wide-age spectrum
- An inpatient CMR facility would improve outcomes, efficiencies and cost-savings as a result of patient care being optimized by having providers on site
- NFRMC's comprehensive stroke program and orthopedics program patients require long-term rehabilitation
- High occupancies at existing CMR providers create barriers to accessing care, delays in discharge, prolonged inpatient stays and admissions to subacute rehab facilities
- The scope of services at NFRMC would allow for continuity of care if a CMR unit was established
- Geographic barriers make neighboring providers inaccessible

Letters are authored by:

- Deborah Wheeler, RN, CCM, Director of Case Management, North Florida Regional Medical Center
- Gregory T. Sherr, MD, MPH, Neurosurgical Specialists of North Florida
- Ann Weber, MD, North Florida Regional Medical Center
- Charles T. Klodell, MD, Medical Director, Florida Heart and Lung Institute
- Eric L. Godet, President/CEO, Greater Gainesville Chamber

C. PROJECT SUMMARY

Both applicants' parent-company is HCA which operates 51 inpatient hospitals within Florida (11 hospitals offer CMR services, ten of these facilities are hospital-based CMR units and one facility is a Class III specialty hospital).

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) proposes to establish a 30-bed CMR unit on the existing hospital's campus in Hernando County.

The proposed site/hospital campus of the unit in Hernando County contains the following services and beds:

- 280 acute care beds
- Level 2 adult cardiovascular services
- Primary stroke center
- Adult open heart surgery

The total project cost is $16,251,000[2]. The project cost includes building, equipment, project development, financing and start-up costs. The project involves 30,564 gross square feet (GSF) of renovation construction.

The applicant anticipates issuance of the project's license on November 26, 2021 and initiation of service on December 26, 2021.

[2] Total cost subject to fee, Schedule 1, Line 51

The applicant includes the following Schedule C conditions with the proposal:

- **Percent of a particular subgroup to be served:**
  - OHH will provide a minimum of four percent of its annual CMR discharges to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care, self-pay/no pay, combined.
- **Accreditations**
  - OHH will apply for CARF accreditation for its CMR program in the first 12 months of operations
- **Certifications**
  - CRRN certification will be achieved for a minimum of 20 percent of OHH's rehabilitative nursing staff by year four of operation by the proposed CMR unit
- **Medical Director**
  - The medical director of the CMR program will be a board-certified or board-eligible physiatrist with at least two years of experience in the medical management of inpatients requiring rehabilitation services
- **Equipment**
  - OHH's CMR program will provide the following specialized equipment:
    - Unweighting System (Zero G, Vector, LiteGait, etc.)
    - Crosstrainer
    - Total body exerciser
    - Integrated therapy system (Bioness BITS or equivalent)
    - Upper body and lower body functional electrical stimulators (Bioness or equivalent)
    - Bariatric capable electric exercise tables and parallel bars
    - Balance assessment/training system
    - Interactive metronome
    - Neuromuscular Electrical Stimulator and Biofeedback system for Dysphagia (Vital Stim, Synchrony or equivalent)
    - Computerized speech lab (VisiPitch or equivalent)
    - Wrist and upper extremity system (Saebo Flex, Reo Go or equivalent)
- **Available services:**
  - Therapy services will be available seven days a week

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) proposes to establish a 24-bed Class III CMR hospital in Alachua County as a separate premise of its existing hospital license. Per CON application #10570, Page 47, the proposed project will be located at: 4086 SW 41st Boulevard, Gainesville, Florida.

The existing campus in Alachua County contains the following services and beds: [3]

- 387 acute care beds
- 37 adult psychiatric beds
- 12 Level II NICU beds
- Comprehensive stroke center
- Level 2 adult cardiovascular services
- Adult open heart surgery

The total project cost is $35,663,824[4]. The project cost includes land, building, equipment, project development, financing and start-up costs. The project involves 39,304 GSF of new construction.

The applicant anticipates issuance of the license for the proposed project in June 2021 and initiation of service on July 1, 2021.

The applicant includes the following Schedule C conditions with the proposal:

- NFRMC will provide a minimum of 10.0 percent of its annual CMR patient days to the combination of Medicaid, Medicaid HMO and self-pay/other (including charity) patients
- NFRMC will be accredited by the Joint Commission
- The medical director of the CMR program will be a board certified or board eligible physiatrist with at least two years of experience in the medical management of inpatients requiring rehabilitation services
- Therapy services will be available seven days a week
- CRRN certification will be achieved for a minimum of 20 percent of NFRMC's rehabilitative nursing staff by year four of operation by the proposed CMR unit

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

[3] http://www.floridahealthfinder.gov/facilitylocator/FacilityProfilePage.aspx?id=9989
[4] Total cost subject to fee, Schedule 1, Line 51

Project Costs Per Bed			
Project	**Number of Beds**	**Project Cost**	**Cost Per Bed**
CON #10569	30	$16,251,000	$541,700
CON #10570	24	$35,663,824	$1,485,993

Schedule 1 and Schedule 9 (Cost per bed) tables

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

D. REVIEW PROCEDURE

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

Applications are analyzed to identify strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district, applications are comparatively reviewed to determine which applicant(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, Bianca Eugene, analyzed the application with consultation from the financial analyst, Derron Hillman of the Bureau of Central Services, who reviewed the financial data and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? ss. 408.035(1) (a), Florida Statutes. Rule 59C-1.008(2), Florida Administrative Code and Rule 59C-1.039(5), Florida Administrative Code.

In Volume 45, Number 13 of the Florida Administrative Register dated January 18, 2019, need for zero additional CMR beds was published in District 3 for the July 2024 planning horizon. Therefore, the proposed projects are submitted outside of the fixed need pool. As of the application deadline March 6, 2019, District 3 had 22 additional CMR beds approved and pending licensure. Following the application deadline, a final order was issued to approve CON application #10499, a 12-bed CMR project at West Marion Community Hospital, an HCA-affiliated hospital, in Marion County, Florida. As a result, there are currently 34 additional CMR beds approved in District 3.

From July 1, 2017 to June 30, 2018, District 3 had 210 licensed CMR beds and an occupancy rate of 85.33 percent, the highest occupancy rate of CMR providers across all districts.

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

From July 1, 2017 to June 30, 2018, District 3 had 210 licensed CMR beds and an occupancy rate of 85.33 percent, the highest occupancy rate of CMR providers across all districts. A table is provided below to account for District 3 CMR utilization for the five-year period ending June 30, 2018.

District 3 CMR Utilization FY 2014 - 2018					
Facility	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**
UF Health Rehab Hospital	81.37%	87.07%	82.77%	87.10%	88.17%
Encompass Health Rehabilitation Hospital of Ocala	91.45%	95.41%	95.59%	92.89%	90.85%
Seven Rivers Regional Medical Center	64.25%	64.73%	28.89%		
Encompass Health Rehabilitation Hospital of Spring Hill	81.71%	83.75%	82.87%	79.85%	83.62%
Leesburg Rehabilitation Hospital	60.36%	68.07%	82.20%		
The Villages Regional Hospital				92.62%	70.80%
District 3 Total	**79.83%**	**83.64%**	**81.69%**	**86.49%**	**85.33%**

Hospital Bed Need Projections January 2015 – January 2019 Batching Cycles. The licensed CMR bed inventory changed from 198 beds in FY 2014 to 210 beds in FY 2018.

The table below shows the total number of District 3 adult residents discharged from a Florida CMR provider for the 12-month period ending June 30, 2018.

FY 2018, 12 Months Ending June 30, 2018 District 3 Resident Discharges (Adult 18+)			
Facility	**County**	**Volume of Discharges**	**Percent of Total Discharges**
Encompass (Ocala)	Marion	1,502	32.52%
Encompass (Spring Hill)	Hernando	1,280	27.71%
UF Health Shands Rehab Hospital	Alachua	782	16.93%
The Villages	Sumter	410	8.88%
Total District 3 Providers		**3,974**	**86.04%**
Other Florida CMR Providers		**645**	**13.96%**
Total		**4,619**	**100.00%**

Source: Florida Center for Health Information and Transparency Database--Type Serv 2.

c. Other Special or Not Normal Circumstances

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569): The applicant outlines the following need arguments for the proposal:

- Forecasted rates of growth within the service area population, especially among those 65+ who are frequent users of CMR services
- The need that OHH has for its own CMR beds due to its status as an advanced primary stroke center
- Documented difficulties encountered in placing significant numbers of referred patients into existing CMR beds due to capacity constraints, as well as unwillingness or inability of existing providers to accept all patients
- The patient population is growing and aging
- Existing CMR providers within the service area are highly utilized
- Existing CMR providers are selective in which patients they will accept, often denying Medicaid and charity patients
- OHH and CMH are unable to discharge sufficient patient volume to CMR
- OHH experiences a high-readmission rate and is unable to control the costs of patients currently discharged to existing CMR providers.

OHH provides the following "not normal circumstances" for which approval of the proposal is warranted:

- There are not normal circumstances that exist to warrant approval of additional CMR beds in Hernando County beyond the fixed need pool. These circumstances include:
  - Hernando and Citrus Counties (the self-identified proposed service area for the project) have a growing aging population.
  - Of note is that Citrus County, which has no CMR beds, has a percentage of residents age 65+ (34.7 percent) that is significantly greater than the Florida average.
  - Older residents experience health care issues, and specifically inpatient admissions requiring CMR at greater rates than younger individuals.
  - The only other existing CMR provider in Hernando County, ESH, is well utilized and OHH experiences difficulty placing its patients there for CMR services.
  - OHH serves a large number of Medicaid and self-pay/no pay patients requiring CMR services. The most proximate CMR providers to OHH (both Encompass facilities) often do not accept these patients. Affiliate hospital CMH in Citrus County faces similar barriers in referring patients for CMR services.

  - Encompass' track record across Florida clearly shows that its facilities are far less financially accessible than other CMR providers, serving just a small fraction of Medicaid and self-pay/no pay patients indicating that OHH's problems in discharging Medicaid and charity care patients to Encompass is not likely to improve in the future.
  - OHH's proposed project will be more financially accessible than ESH. OHH conditions approval of the proposed project on providing four percent of CMR discharges to Medicaid/Medicaid managed care and self-pay/no pay patients including charity care.
  - Encompass dominates the CMR market in the service area, holding over a 90 percent share of all service area CMR discharges. The lack of competition limits the ability of certain patients not accepted by Encompass to access CMR care without long travel times and provides little impetus for improvements in quality and cost-effectiveness of services offered.
  - OHH will offer distinct advantages as a unit within an acute care hospital in terms of enhancing continuity of care and offering a full range of acute care support services. ESH must often transport CMR patients to OHH to receive various diagnostic and therapeutic procedures because Encompass does not offer the same range of acute care support and ancillary services. Transporting patients for these services is costly and disruptive to continuity of care.
  - OHH participates in CMS' BCPI, which seeks to manage costs by combining the payments for physician, hospital and other health care provider services into a single bundled payment amount. OHH will be able to better manage the care of its BCPI patients with its own CMR unit, with greater control over readmissions from CMR and costly patient transports for ancillary services.
  - Both quantitative analysis and letters of support document the difficulty in discharging OHH and CMH patients to CMR that constitute a not normal circumstance.
- OHH has documented the need for its proposed 30-bed unit using several approaches, which are based on reasonable and conservative assumptions.
- Given the rapidly growing and aging population in the service area, the proposed project is not expected to have any meaningful adverse impact on existing CMR providers in District 3.

- As an affiliate of HCA, OHH has the resources, leadership, clinical expertise, and quality of care systems in place to develop the proposed project.
- OHH will document the extensive experience of HCA in developing and operating high quality CMR units both in Florida and across the U.S.
- The proposed project is financially feasible in both the short and the long-term, cost-effective and consistent with all licensure and construction/design requirements as shown in Schedules 9 and 10.
- OHH's proposed project documents consistency with all project review criteria, agency rule preferences and statutory review criteria and should be approved.

The applicant discusses the absence of numerical need published for CMR beds in District 3 for the July 2024 planning horizon. OHH contends that it is "virtually impossible" for the numeric formula to produce need sufficient for a new unit of at least 20 CMR beds if existing providers seek additional beds through exemption. The applicant notes that existing CMR providers are able to add up to 10 beds or 10 percent of their licensed bed capacity when occupancy in their existing unit/facility is at or above 80.0 percent for 12 consecutive months, per 408.036(j), Florida Statutes. In contrast, OHH notes that the occupancy standard established by 59C-1.039(5), Florida Administrative Code uses an occupancy standard of 85.0 percent.

OHH contrasts the fixed occupancy standard in 59C-1.039, Florida Administrative Code, with historical changes in occupancy standards established by CMS. The applicant notes that the federal Medicare program currently has a "60.0 Percent Rule" for inpatient CMR facilities/units. The "60.0 Percent Rule" stipulates that at least 60.0 percent of patients discharged from CMR have to be treated for one of 13 conditions in order for a facility to maintain status and receive Medicare payments per the prospective payment system—thereby narrowly restricting the types and numbers of patients that would be eligible under the rehabilitation payment system.

As the majority of CMR patients are adults aged 65+ primarily insured by Medicare, the applicant states that Medicare reimbursement changes are significant to utilization.

OHH maintains that since 59C-1.039, Florida Administrative Code, has not been amended since 1995, the rule does not account for: Medicare reimbursement changes, more recent CMS policy changes, current medical literature or resultant changes in CMR service delivery away from a regional referral model toward a more locally-based step down

model which enhances patient continuity of care. The reviewer notes that the applicant is incorrect as 59C-1.039, Florida Administrative Code, was amended on July 2, 2017.

The applicant continues its analysis of contemporary and historical definitions and standards for CMR services in reference to ss. 408.032 (17), Florida Statutes and 59C-1.002, Florida Administrative Code. OHH determines that the inclusion of CMR services in these statutory references constitute outdated models of CMR service delivery. The applicant maintains that the absence of published need for CMR beds anywhere in Florida is partially a function of a districtwide approach to need determination. OHH outlines previously approved CON projects that were approved under "not normal circumstances" during the absence of need on pages 26-27 of CON application #10569.

OHH describes how clinical continuity of care is of primary importance and advantage to patients—noting that over the past decade the severity rating of patients admitted to HCA rehabilitation programs nationwide has increased. The applicant states that patients in an acute care setting who are subsequently transferred to the proposed project will have the direct benefit of having the same physicians manage their medical care alongside a rehabilitation physician.

The applicant indicates that older patients will prefer to choose CMR services in close proximity to their acute care setting or home even when services are not optimal to their needs. OHH expects for approval of the proposed project to increase options for these patients. The applicant states that in the absence of an in-house CMR unit, many eligible patients are subsequently forced to transfer to other existing CMR providers which results in less than optimal continuity of care for patients.

In discussion of enhancing access to services, the applicant finds a disparity in the accessibility of CMR services to Medicaid and indigent patients. OHH maintains that, despite not being a DSH hospital, it has historical experience with serving "such" patients and will enhance the accessibility of services to low-income patients eligible for CMR services. The applicant notes that approval of the proposal is conditioned to the provision of four percent of total patient days to Medicaid/Medicaid HMO/charity care.[5]

[5] The reviewer notes that Oak Hill Hospital is listed as a provider with a Disproportionate Share program per a DSH report queried March 16, 2019 at 3:35 pm.

Service Area Characteristics

The applicant describes District 3 population trends including a summary of the anticipated growth. Using Agency population estimates published February 2015, the applicant estimates that overall population growth within District 3 will increase by 1.5 percent annually while growth in the 65+ population is anticipated to increase by 1.1 percent from January 2019-January 2024. OHH provides an outline of its targeted service area for the proposed CMR project (smaller than the designated district standard) which includes Hernando County and portions of Citrus and Pasco[6] Counties. The Zip Codes encompassing this service area are noted below:

- 34446
- 34607
- 34613
- 34608
- 34609
- 34601
- 34448
- 34614
- 34604
- 34610

Using Agency published population estimates, the applicant provides a table which trends the change in population growth across Citrus and Hernando Counties from January 2015 to 2024. Across this time period, the 65+ population in both counties is predicted to increase from 30.4 percent of the total population in January 2019 to 31.4 percent of the population in January 2024. OHH determines that this change reflects that the population is growing and aging—with the total population within both counties expected to increase by 1.4 percent. When analyzing the population in Citrus County alone, the applicant finds that the 65+ population changes from 34.7 percent of the total population in 2019 to 35.9 percent of the total population in 2024. OHH notes that the proportion of elderly in Citrus County for both time periods exceeds the statewide proportions of elderly of 19.9 percent in 2019 and 21.5 percent in 2024.

District 3 Utilization and Trends

In reviewing the targeted service area for the proposed CMR project, OHH states that both counties have growing and aging populations. The applicant notes that there are no CMR providers in Citrus County. OHH maintains that its proximity near major throughways allows for easy access for service area residents.

[6] The reviewer notes that Regional Medical Center Bayonet Point, an HCA affiliated facility was approved to establish a 16-bed hospital-based CMR unit (CON application #10544)

The applicant notes that there are four existing and two approved CMR projects in District 3.[7] Upon analyzing the geographic distribution of these projects, OHH determines that District 3 is a very large geographic area including cities and rural areas which can limit access and choice for CMR providers. The applicant contends that residents of several District 3 counties, including Hernando County, only have one CMR provider within reasonable travel time/distance. A map depicting the locations of existing providers is included on page 33 of CON application #10569.

OHH summarizes the historical occupancy of District 3 providers from July 2017 through June 2018 and discusses licensed inventory changes and pending approved projects within the district since FY 2016. The applicant finds that District 3 has the highest CMR occupancies of all 11 districts within Florida (85.3 percent). OHH determines that high occupancies reveals a lack of bed availability within the district. OHH details the following changes within District 3's CMR licensed inventory:

- Seven Rivers Regional Medical Center (Citrus County) closed its CMR unit in FY 2016 which decreased access to care for residents of Citrus County.
- Encompass Rehabilitation Hospital of Ocala (ERHO) added 10 beds in 2017.
- ERHO was the most highly utilized CMR program in 2018 (90.9 percent).
- UHRH and ESH are also well-utilized with occupancies that exceed 80.0 percent.
- The Villages Regional Hospital experienced a drop-in capacity after shifting beds from Leesburg Rehabilitation Hospital. While The Villages Regional appears to have capacity, OHH patients would have to travel over an hour to receive CMR services—which they have been historically unwilling to do.
- Overall, the number of CMR patient days and occupancy rates are increasing in District 3.

Between July 1, 2015 and June 30, 2018, the applicant asserts that utilization increased by 3.6 percent, patient days increased by 1.1 percent and the number of patients increased by 1.5 percent. In reviewing the occupancy rates across existing providers, OHH attributes the high CMR occupancy rate within District 3 to the ratio of beds per 1,000 population. The applicant trends the CMR bed ratio per 1,000 18+ across all districts which is recreated below:

[7] The Agency notes that there are three approved and pending projects within District 3: Exemption #E170029 (Encompass Ocala), CON application #10496 (AdventHealth Waterman) and CON application #10499 (West Marion Community Hospital)

Florida CMR Beds by District per 1,000 Population		
District	**CMR Beds as of 1/1/19**	**Beds per 1,000 Aged 18+**
1	78	0.135
2	151	0.272
3	226	0.156
4	260	0.157
5	210	0.177
6	173	0.088
7	273	0.130
8	274	0.190
9	354	0.211
10	325	0.226
11	358	0.162
State Total	**2,682**	**0.163**

Source: CON application #10569, page 37. Applicant notes District 3 includes 12 beds preliminarily approved at West Marion Hospital and 12 beds preliminarily approved at AdventHealth Waterman.

The applicant provides a use-rate analysis of adult CMR patient discharges within Hernando County for the same three-year time period noting that there was a 2.4 percent decrease in adult CMR patient discharges and a 5.9 percent decrease in the Hernando County CMR patient use rate per 10,000.

With regards to the payor mix of CMR patients served by area providers, OHH provides the following commentary:

- Both Encompass facilities nearest to OHH provide very little care to Medicaid and self-pay/no pay patients
- The Villages offers little patient volume to underserved patients
- UHRH offers the most Medicaid care in District 3, yet is located at least a two-hour drive away from OHH which is not a realistic travel time for patients in today's health care environment

The applicant provides the following table which depicts the patient payor mix for CMR patients across all providers in District 3.

District 3 Facilities FY 2018 Payor Mix for CMR Patients						
Facilities	**Commercial Insurance**	**Medicaid**	**Medicare**	**Self-Pay/No Pay**	**Other***	**Total**
Encompass Ocala	9.3%	0.5%	88.0%	1.4%	0.7%	32.7%
Encompass Spring Hill	6.1%	0.2%	92.2%	0.7%	0.7%	36.8%
UF Health Shands Rehab	22.3%	12.8%	62.0%	1.3%	1.5%	20.7%
The Villages	6.2%	1.9%	90.9%	0.4%	0.6%	9.9%
Total	**10.5%**	**3.1%**	**84.5%**	**0.1%**	**0.9%**	**100%**

Source: CON application #10569, page 39.
*Includes TriCare or other VA, and other Workers' Comp. AHCA Database 2017 Q3 – 2018 Q2. The Villages Regional Hospital and Leesburg Regional Hospital data are combined due to new license in July 2016.

OHH further details the financial inaccessibility of Encompass facilities in comparison to existing providers. See the table below.

Encompass Florida Facilities and Other CMR Providers FY 2018 Adult Payor Mix for CMR Residents		
Payor	**Encompass**	**Other CMR Providers**
Commercial Insurance	10.9%	19.3%
Medicaid/Medicaid Managed Care	1.1%	7.5%
Medicare	86.0%	67.2%
Self-Pay/No Pay	1.0%	3.0%
Other	1.0%	3.0%
Total	**100.0%**	**100.0%**

Source: CON application #10569, page 39

The applicant maintains that it has Medicaid and self-pay/no pay patients that cannot be discharged due to Encompass' refusal to accept patients when the facility's designated "scholarship" beds are full. In analysis of the market share of existing CMR providers, OHH notes that the vast majority of CMR patients within the service area are served by Encompass Health providers—collectively these facilities served 90.3 percent of service area patients. See the table below.

Market Share of Service Area Adult CMR Patients		
Facility	**Patients**	**% of Total**
Encompass Rehab Hospital of Spring Hill	1,248	84.0%
Encompass Rehab Hospital of Ocala	93	6.3%
Bayfront Health - St. Petersburg	29	2.0%
Tampa General Hospital	29	2.0%
UF Health Shands Rehab Hospital	28	1.9%
Brooks Rehabilitation Hospital	18	1.2%
Florida Hospital Tampa	10	0.7%
All Other	30	2.0%
Total Service Area	**1,485**	**100.0%**

Source: CON application #10569, Page 40.
AHCA Database; Q3 – 2015 – Q2 – 2018, Patient Type = 2 (Rehabilitation)

An overview of the payor mix forecast amongst patients in the applicant's self-identified two county service area being served at existing proximate providers is provided below:

Payor Mix of Service Area Adult CMR Patients by Facility						
Facility	**Medicare**	**Medicaid**	**Commercial**	**Self-Pay/No Pay**	**Other**	**Total**
Encompass Rehab Hospital of Spring Hill	93.6%	0.2%	5.3%	0.6%	0.30%	100%
Encompass Rehab Hospital of Ocala	76.3%	0.0%	23.7%	0.0%	0.00%	100%
Bayfront Health - St. Petersburg	31.0%	17.2%	34.5%	17.2%	0.00%	100%
Tampa General Hospital	79.3%	6.9%	13.8%	0.0%	0.00%	100%
UF Health Shands Rehab Hospital	46.4%	28.6%	17.9%	3.6%	3.6%	100%
Brooks Rehabilitation Hospital	11.1%	0.0%	77.8%	5.6%	5.60%	100%
Florida Hospital Tampa	80.0%	0.0%	20.0%	0.0%	0.00%	100%
All Other	73.3%	13.3%	13.3%	0.0%	0.00%	100%
Total Service Area	**88.6%**	**1.4%**	**8.6%**	**1.0%**	**0.4%**	**100%**

Source: CON application #10569, page 41

The applicant provides the following conclusions regarding the analysis above:

- Both Encompass facilities offer even less Medicaid and self-pay/no pay care to service area residents than OHH
- The three CMR providers that do offer reasonable amounts of Medicaid and self-pay/no pay would require a one to two hour commute from OHH

The applicant maintains that despite Encompass having a large market share within its self-identified two county service area, CMR use rates are still declining in those two counties. OHH describes how few patients can access care at UHRH or facilities in Districts 5 and 6 due to costs and hardships posed to family members. The applicant concludes that when patients are unable to seek care at an area CMR provider they obtain a lower level of care at a local skilled nursing facility or through home health.

From FY 2016 – FY 2018 OHH discusses experiencing a 9.9 percent increase in patient discharges to post-acute care while experiencing a 14.8 percent decrease in CMR discharges during the same period. The applicant attributes this loss to its inability to discharge Medicaid, charity and other patients to the Encompass facilities located within the service area. OHH maintains that it is not realistic that area CMR providers will readily accept Medicaid and charity care patients requiring long commutes. The following table summarizes the applicant's historical patient discharges for the time periods discussed:

Oak Hill Hospital FY 2016 - 2018 Patient Discharges					
Discharged to Post - Acute Care	**FY 2016**	**FY 2017**	**FY 2018**	**Patient Change**	**CAGR 2016 - 2018**
CMR	912	700	662	-250	-14.8%
Home Health	2,307	2,825	3,090	783	15.7%
SNF	1,434	1,701	1,869	435	14.2%
Total	**4,653**	**5,226**	**5,621**	**968**	**9.9%**

Source: CON application #10569, page 41

The applicant also observes a decline in patients discharged across all age groups despite growth and aging of the service area population:

Oak Hill Hospital FY 2016 - FY 2018 Patients Discharged by Age				
Time Period	**18-44**	**45-64**	**65+**	**Total**
July 2015 - June 2016	8	72	832	912
July 2016 - June 2017	4	54	642	700
July 2017 - June 2018	6	57	599	662
CAGR FY 2016 - FY 2018	**-13.4%**	**-11.0%**	**-15.2%**	**-14.8%**

Source: CON application #10569, page 42

The applicant summarizes the volume of patients discharged to CMR in FY 2018 from OHH and CMH. See the table below.

Patients Discharged to CMR - FY 2018 Payor Mix		
Payor	**Oak Hill**	**CMH**
Commercial Insurance	2.3%	4.2%
Medicaid	0.8%	2.1%
Medicare	95.9%	87.8%
Self-Pay/No Pay	0.6%	1.6%
Other	0.5%	4.2%
Total	**100%**	**100%**

Source: CON application #10569, page 42

OHH asserts that the volume of patients discharged by payor in this analysis reflects a limited percentage of Medicaid and self-pay/no pay patients. The applicant depicts the number of patients discharged to CMR as a percentage of appropriate acute care discharges by payor for OHH and CMH on page 43 of CON application #10569. The applicant states that this reflects the difficulties both facilities have with placing these patients in CMR care.

The applicant contrasts its historical experience of patients discharged to CMR with discharges from HCA facilities with CMR units that summarily discharge a greater percentage of Medicaid patients to CMR. The following table captures this analysis:

HCA Hospitals with CMR Units: Percentage of CMR Patients by Payor			
Payor	**Discharges to CMR**	**Total Discharges**	**% of Patients to CMR**
Commercial Insurance	462	13,629	3.4%
Medicaid	170	7,791	2.2%
Medicare	2252	58,596	3.8%
Self-Pay/No Pay	133	9,025	1.5%
Other	89	3,666	2.4%
Total	**3,106**	**92,707**	**3.4%**

Source: CON application #10569, page 44

The applicant provides additional analyses depicting the volume of discharges by payor across different HCA hospitals with CMR units to demonstrate that HCA hospitals with CMR units are able to discharge patients to CMR at a higher rate than OHH or CMH.

OHH extends its historical analysis of HCA hospitals with CMR units to evaluate the volume of discharges from affiliate hospitals that have recently implemented CMR programs. The applicant states that HCA-affiliated hospitals with CMR units serve geographically diverse areas with unique demographics that place specific demand for CMR services. OHH therefore analyzed the volume in discharges among non-trauma patients discharged from Osceola Regional Hospital prior to and subsequent to implementation of the facility's CMR unit. From July – December 2017 the facility discharged 0.3 percent of non-trauma patients to CMR. From January – December 2018, subsequent to the implementation of the CMR program, the facility discharged 1.4 percent of patients to CMR.

OHH discusses BPCI through CMS, which consists of a bundled payment model for 32 clinical episodes of care. The applicant explains that BPCI is an "Advanced Alternative Payment Model" under the quality payment program which aims to align incentives among participating health providers for reducing expenditures and improving quality of care for Medicare beneficiaries. OHH discusses enrolling in the BPCI advanced program under a Convener Participant model that began on October 1, 2018. The applicant indicates that bundled payment services combine payments for physicians, hospitals and other health care providers for the purpose of providing services efficiently, coordinating care and improving quality. The applicant explains that providers within bundled payment systems can experience a gain or loss depending on how successfully they manage resources and total costs. OHH states that it has selected six clinical episodes within the bundled payment system initiative to furnish costs of all post-acute care providers for the episode of care.

The applicant states that its program will be responsible for managing both the cost and the quality of care for BPCI patients beginning from acute care admission to 90 days following discharge. The applicant underscores that controlling costs and quality of care during the post-acute period are essential to meeting the objectives of the program. OHH maintains that there are currently issues with appropriately placing patients requiring CMR which are magnified with patients of the BPCI program.

OHH notes the readmission rates of patients it discharges to ESH. The applicant attributes these readmissions since ESH is unable to offer the same level of care and services as an acute care facility. During CY 2018, 88 of 600 patients discharged from OHH to ESH were readmitted within 30 days and another 65 of 600 patients were readmitted 31 to 90 days after discharge—25.5 percent of patients experienced a readmission within 90 days.

In 2018, the applicant identified 36,000 procedures performed where OHH offered medical support to patients of Encompass and approximately 2,600 imaging procedures performed on CMR patients transported from Encompass. OHH states that for patients with ongoing medical problems during the course of their CMR stay, placement in a CMR unit at an acute care hospital would allow for fewer disruptions to care, lower costs and greater patient satisfaction.

OHH expects for implementation of its own unit to result in the capacity to better coordinate care for BPCI patients through transitioning patients more readily due to seamless communications within the hospital. The applicant anticipates an improvement in the continuity of care due to the patient's acute care providers being available for input during the development of the interdisciplinary plan of care for CMR treatment. OHH maintains that it will have greater control of the length of stay and course of treatment following discharge from the CMR unit—enabling greater cost control and maximizing patient outcomes.

Inpatient Alternatives to CMR Services

The applicant states that in the absence of sufficient CMR bed capacity, patients are often discharged to skilled nursing facilities (SNFs) as an alternative. OHH asserts that SNFs are generally not an acceptable alternative to CMR services which are provided in a hospital setting and require a higher intensity of services. As an example, the applicant notes that CMR patients covered by Medicare are required to receive a minimum of three hours of skilled therapy per day while there is no minimum skilled therapy requirement for SNF units.

OHH compares the structural differences between CMR services and rehabilitation services received in a SNF by outlining the CMS descriptions and diagnoses for hospital-based rehabilitation facilities and services. The applicant notes that in comparison to the requirements outlined for hospital-based rehabilitation facilities there are no specific diagnoses required for SNF admission as long as the criteria for nursing care is satisfied. OHH states that SNFs can admit Medicare patients typically within 30 days of an acute care hospital episode of at least three consecutive days. In contrast, CMR facilities can admit a patient from any location at any time provided the patient needs intensive inpatient rehabilitative services.

The applicant details studies documenting differential outcomes for patients who received care in CMR settings in comparison to SNF patients—noting that patients served in CMR settings had better outcomes than patients treated in SNFs, patients treated in CMR settings achieve significantly better outcomes in a shorter amount of time than patients treated in SNFs and rehabilitation in a CMR facility leads to lower mortality, fewer readmissions, fewer ER visits and more days at home. In reference to 2016 American Heart Association/American Stroke Association guidelines on adult stroke rehabilitation, OHH notes that inpatient rehabilitation settings are preferential to SNFs. The applicant determines that there is increasing evidence that post-acute rehabilitation for stroke patients can have a significant impact on quality of life. The applicant provides copies of relevant studies in Attachment H of CON application #10569.

CMR Bed Need Based Upon OHH and CMH Discharges

OHH notes that for most patients the medical condition necessitating CMR care will be their first disability. The applicant indicates that as senior citizens are the most frequent users of CMR services, they prefer to choose rehabilitation facilities in close proximity to their acute care setting or home. OHH surmises that patients travelling "elsewhere" may be burdensome to family members. The applicant states that the regional provision of CMR services is at times necessary for less populated areas or facilities that cannot support a CMR unit based on the volume of CMR-appropriate patients. In comparison, OHH asserts that its stroke center, orthopedic patients, cardiac patients, current CMR discharges and growing service area population are more than sufficient to support the need for the proposed CMR unit.

The applicant states that a hospital-based CMR unit should be able to avoid unnecessary readmissions to a greater extent than hospitals that rely on discharging patients to area CMR providers which lack the same scope of services. OHH maintains that patients of the hospital-based unit will be able to access many acute services without having to be discharged from a CMR facility and readmitted to the hospital.

OHH determined bed need utilizing two different methods based on CMR discharges from OHH and CMH. The first method is derived from the average number of patients discharged to CMR and the average length of stay (ALOS) for District 3 providers from which projected days and the average daily census (ADC) were then computed. This analysis is reflected in the table below:

Oak Hill Hospital: Projected Bed Need Method 1			
	Oak Hill	**CMH**	**Total**
Patients Discharged to CMR (FY 2018)	662	189	851
HCA National ALOS Experience	12.8	12.8	12.8
Projected Days	8,474	2,419	10,893
Projected ADC	23.2	6.6	30
Bed Need at 75% Occupancy	**31.0**	**8.8**	**39.8**

Source: CON application #10569, page 52

The applicant's second need methodology projects bed need from the payor source and number of OHH discharges per payer source which is reflected in the table below:

Projected Bed Need by Payor (Oak Hill)					
Payor	**Oak Hill Discharges**	**HCA CMR Providers % of Discharges to CMR**	**Oak Hill Projected CMR Patients**	**Oak Hill Actual CMR Discharges**	**Incremental Discharges**
Commercial	1,914	3.4%	65	15	50
Medicaid	1,114	2.2%	24	5	19
Medicare**	12,654	5.0%	635	635	-
Self-Pay/No Pay	998	1.5%	15	4	11
Other*	583	2.4%	14	3	11
Total	**17,263**	**4.4%**	**753**	**662**	**91**
HCA National ALOS Experience			12.8		
Projected Days			9,639		
Projected ADC			26.4		
Bed Need at 75% Occupancy			35.2		

Source: CON application #10569, page 52

The applicant repeated the second analysis for CMH which is provided in the table below:

Projected Bed Need by Payor (CMH)					
Payor	**CMH Discharges**	**HCA CMR Providers % of Discharges to CMR**	**CMH Projected CMR Patients**	**CMH Actual CMR Discharges**	**Incremental Discharges**
Commercial	833	3.4%	28	8	20
Medicaid	691	2.2%	15	4	11
Medicare**	7,534	5.0%	290	166	124
Self-Pay/No Pay	644	1.5%	9	3	6
Other*	459	2.4%	11	8	3
Total	**10,161**	**4.4%**	**353**	**189**	**164**
HCA National ALOS Experience			12.8		
Projected Days			4,525		
Projected ADC			12.4		
Bed Need at 75% Occupancy			16.5		

Source: CON application #10569, page 53

Based off the second bed need methodology, OHH determines that there is a bed need of 51.7 beds at 75.0 percent occupancy. The applicant determines that in consideration of these methodologies, it can readily support the 30 beds proposed in the application.

In forecasting bed need for the proposed CMR project, the applicant evaluated current CMR use rates within its self-identified service area. Across all age groups within Citrus County, HCA finds that use rates are below statewide averages and attributes this disparity to the county lacking a CMR provider. The reviewer notes that the proposed project will not alleviate this issue since it will not be located within Citrus County. The applicant observes that Hernando County use rates are higher than average, yet patients below 65 are not discharged to CMR as frequently. The applicant provides the following table to account for use rates within its self-identified service area to forecast use rates for Citrus County normalized to statewide rates. See the tables below.

Oak Hill Service Area Use Rates			
	Total CMR Utilization		
Year	18-64	65+	Total Adult
YE 6/30/2018 CMR Patients			
Hernando	177	918	1,095
Citrus	90	300	390
Service Area Total	**267**	**1,218**	**1,485**
2018 Population			
Hernando	103,937	51,632	155,569
Citrus	76,607	51,077	127,684
Service Area Total	**180,544**	**102,709**	**283,253**
YE 6/30/2018 Use Rate			
Hernando	17.0	177.8	70.4
Citrus	11.7	58.7	30.5
Service Area Total	**14.8**	**118.6**	**52.4**

Source: CON application #10569, page 54

Statewide Use Rate Normalized to Service Area Population Distribution					
	% of Population by Age Group			Normalized State Average	
	0-17	18-64	65+	Total	Total Adult
Florida	20.5%	59.9%	19.6%	24.14	30.00
Citrus at Statewide Rate	14.4%	51.3%	34.2%	35.6	41.37
Citrus Actual				26.2	30.54

Source: CON application #10569, page 54

The applicant provides a projection of service area use rates for Hernando and Citrus Counties. OHH notes that the use rate was brought up for the 18 – 64 group to account for 75 incremental patients in FY 2018 that would result from better access to Medicaid, commercial, charity and other patients. For both service areas, the applicant forecasts a CMR use rate of 19.0 for the 18-64 group, 131.6 for the 65+ group and 59.8 for adults of all ages.

In estimating utilization for the proposed CMR project, the applicant assumes an incremental ADC of 36.53, an incremental bed need of 48.7 beds at 75.0 percent occupancy and ALOS of 12.8 days by year three of operations. OHH indicates it will have a 17.6 percent of market share in year one, 21.4 percent of market share in year two and 23.9 percent of the market share by year three of operations in Hernando and Citrus Counties. The following tables reflects the applicant's projected utilization for the proposed 30 beds for the first three years of operation as well as the projected payor mix.

Summary of Projected Oak Hill CMR Utilization			
	Year 1	**Year 2**	**Year 3**
Hernando	250	319	364
Citrus	173	205	241
Service Area Total	422	524	605
In-Migration (10%)	47	58	67
Total	469	582	672
ALOS	12.8	12.8	12.8
Patient Days	6,003	7,450	8,597
ADC	16.5	20.4	23.6
Occupancy of 30 Beds	**54.8%**	**68.0%**	**78.5%**

Source: CON application #10569, page 56. Values shaded gray are incorrect

Summary of Projected Oak Hill CMR Utilization				
Payor	**Year 1**	**Year 2**	**Year 3**	**Percent**
Commercial Insurance	39	49	56	8.4%
Medicaid	17	21	24	3.6%
Medicare*	392	487	561	83.6%
Self-Pay/No Pay	10	13	15	2.2%
Other	11	13	15	2.2%
Total	**469**	**583**	**671**	**100.0%**

Source: CON application #10569, page 57
Note: total numbers may not add due to rounding

OHH expects for the proposed project to have minimal to no impact to existing District 3 CMR providers as the applicant expects to draw patients from its own acute care setting. The applicant identifies ESH and ERHO as the facilities that would incur the most significant adverse impacts from the proposal as the majority of OHH patients are currently discharged to these facilities. OHH maintains that growth in demand at both Encompass facilities is linked to the growth and aging of the service area population. The following impact analysis is provided for the proposed project:

Payor Mix of Service Area Adult CMR Patients by Facility					
	Change in Utilization			2018 Total Discharges	% Impact
Facility	**Citrus**	**Hernando**	**Total**		
Oak Hill	241	364	604		
Encompass Rehab Hospital of Spring Hill	347	-126	221	1,758	12.60%
Encompass Rehab Hospital of Ocala	134	0	134	1,563	8.50%
Bayfront Health - St. Petersburg	6	-3	3	1,748	0.20%
Tampa General Hospital	18	-2	16	992	1.60%
UF Health Shands Rehab Hospital	35	0	35	989	3.5%
Brooks Rehabilitation Hospital	6	-2	4	2,894	0.10%
Florida Hospital Tampa	0	-1	-1	569	-0.20%
All Other	28		28		
Total Service Area	**814**	***229***	**1,043**		

Source: CON application #10569, page 57

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) presents the following "not normal" circumstances for which approval of the proposed project is warranted:

- Consistently high utilization of UHRH's CMR beds
- UHRH's practice of giving preferential consideration to admission for its own patients
- The absence of a realistic competitive alternative to UHRH's CMR beds
- The consequent lack of choice afforded to managed care providers
- The imbalanced geographic distribution of CMR beds between northern District 3 and southern District 3
- The fact that CMR programs primarily serve patients from their home counties
- Lengthy delays in NFRMC being able to place patients in CMR beds
- Denials of or lengthy delays in placing Medicaid and other medically underserved patients in CMR beds
- Documentation of persons needing CMR services being diverted to SNFs at above-average rates
- The special need that the hospital has based on its designation as a comprehensive stroke center, coupled with the 2016 AHA/ASA adult stroke guidelines strongly recommending that immediately following their acute-care stay, stroke patients should preferentially receive rehabilitation treatment in the inpatient rehabilitation setting versus in a SNF
- The large population residing in the three subdistricts comprising the northern District 3 service area and forecasted rates of growth within that population—especially those persons 65+
- The geographic inaccessibility of CMR programs located in southern portions of District 3

- NFRMC's low percentage of acute care to CMR conversion compared to UF Health Shands, verifying NFRMC's historical problems placing its CMR eligible patients into UHRH

NFRMC provides a summary of its existing licensed inventory and concurrent CON application #10568 (submitted to relocate and expand the psychiatric unit at NFRMC to be collocated with the proposed freestanding CMR hospital). The applicant states that its acute care occupancy was 77.5 percent during the 12-month period ending June 30, 2018 with the first six months of 2018 occupancy at 81.6 percent. NFRMC contends that it is presently operating at capacity and is in a dire situation to decompress and create space to increase its inventory of acute care beds. The applicant indicates that the proposed CMR unit will be located at 4086 SW 41st Blvd. in Gainesville near the intersection of I-75 and SW Archer Road. The applicant states that the CMR facility will include 24 private rooms and a variety of other amenities. The reviewer notes that the applicant is applying not for a hospital-based CMR unit but for a Class III freestanding CMR (specialty) hospital that will be part of NFRMC's license but a separate premise with a separate hospital class distinction.

The applicant discusses its certification as one of three comprehensive stroke centers (CSC) in District 3 and one of only 47 centers statewide.[8] As a result of being a CSC, NFRMC describes receiving EMS transports of critical stroke patients which increases the volume of patients requiring CMR services. NFRMC notes that stroke patients are typically among the primary users of CMR services. The applicant expresses that its facility experiences difficulties with placing CMR patients which exacerbates acute care capacity issues at NFRMC. The reviewer notes that UF Health Shands has one of the other CSC's in District 3 and will be located slightly closer to the proposed facility so that no geographic access issue will be improved with the proposed project.

NFRMC details its affiliation with HCA which is identified as the second largest provider of inpatient rehabilitation services nationally. The applicant discusses organizational resources and historical experiences of its parent-company's operation of CMR facilities that are anticipated to be instrumental in the development and implementation of the proposed CMR project.

The applicant characterizes Alachua County as the most populous county within its subdistrict, 3-2. NFRMC indicates that District 3 is the largest district in Florida in terms of landmass and states that there are underutilized programs due to geographic constraints that make

[8] Descriptions of the applicant's accreditations and distinctions are on page 12 of CON application #10570

certain parts of the district inaccessible or unavailable. The applicant maintains that there are adjacent subdistricts to the north and east that are also inaccessible. The applicant states that an analysis of need should account for utilization at the county and subdistrict level as CMR services should be available to all residents. NFRMC maintains that the absence of need districtwide does not necessarily reflect the lack of need at the county and subdistrict level. The reviewer notes that CMR is a tertiary service that is examined at the district, not county, level pursuant to 59C-1.039, Florida Administrative Code.

NFRMC discusses the approved CMR project UHRH which results in a 50-bed replacement CMR hospital at 2708 Archer Road in Gainesville (Alachua County). The applicant states that outside of Gainesville the nearest CMR beds are located in Ocala and are historically occupied at near capacity levels. The applicant does not mention the newly approved 12-bed CMR unit at West Marion Community Hospital (an HCA-affiliate) in north Marion County (just north of Ocala). The applicant states that UHRH has operated at over 80.0 percent in the past five years and has averaged 88.17 percent from July 2017 – June 2018. NFRMC expects for utilization to remain high due to anticipated growth and aging in the neighboring population and that the continued unavailability of CMR beds at UHRH creates an accessibility problem for the growing population of Subdistrict 3-2 that adversely impacts NFRMC's capacity issues. The reviewer notes that approval of CON application #10568 would alleviate existing capacity constraints expressed by the applicant in CON application #10570.

The applicant contends that it is "virtually impossible" for the numeric formula to produce need sufficient for a new unit of at least 20 CMR beds if existing providers seek additional beds through exemption. The applicant notes that existing CMR providers are able to add up to 10 beds or 10 percent of their licensed bed capacity when occupancy in their existing unit/facility is at or above 80.0 percent for 12 consecutive months per 408.036(j), Florida Statutes. In contrast, NFRMC notes that the occupancy standard established by 59C-1.039(5), Florida Administrative Code, uses an occupancy standard of 85.0 percent.

NFRMC contrasts the fixed occupancy standard in 59C-1.039, Florida Administrative Code, with historical changes in occupancy standards established by CMS. The applicant notes that the federal Medicare program currently has a "60.0 Percent Rule" for inpatient CMR facilities/units. The "60.0 Percent Rule" stipulates that at least 60.0 percent of patients discharged from CMR have to be treated for one of thirteen conditions in order for a facility to maintain status and receive Medicare payments per the prospective payment system—thereby narrowly restricting the types and numbers of patients that would be eligible under the rehabilitation payment system.

As the majority of CMR patients are adults aged 65+ primarily insured by Medicare, the applicant states that Medicare reimbursement changes are significant to utilization. NFRMC contends that since 59C-1.039, Florida Administrative Code, has not been amended since 1995, it does not account for: Medicare reimbursement changes, more recent CMS policy changes, current medical literature or the resultant changes in CMR service delivery away from a regional referral model and toward a more locally-based step down model which enhances patient continuity of care. The reviewer notes that the applicant is incorrect as 59C-1.039, Florida Administrative Code, was amended on July 2, 2017.

The applicant continues its analysis of contemporary and historical definitions and standards for CMR services in reference to ss. 408.032 (17), Florida Statutes and Rule 59C-1.002, Florida Administrative Code. NFRMC determines that the inclusion of CMR services in these statutory references constitute outdated models of CMR service delivery. The applicant asserts that the absence of published need for CMR beds anywhere in Florida at this time is partially a function of a districtwide approach to need determination. NFRMC outlines previously approved CON projects that were approved under "not normal circumstances" during the absence of need on page 19 of CON application #10570.

The applicant states that clinical continuity of care is of primary importance and advantage to patients as over the past decade the severity rating of patients (CMI) admitted to HCA rehabilitation programs nationwide has increased. NFRMC maintains that patients in an acute care setting who are subsequently transferred to the proposed freestanding facility will have the direct benefit of having the same physicians manage their medical care in conjunction with a rehabilitation physician. The applicant expects for implementation of the proposed project to result in the shortest amount of time between discharge from acute care and admission to the freestanding CMR hospital. The applicant also expects for CMR patients requiring acute care services to have them readily available as a result of the CMR unit being located at the hospital. The reviewer notes that the proposed facility will not be located at an acute care hospital but rather at a freestanding CMR hospital.

NFRMC maintains that older patients prefer to choose rehabilitation facilities in close proximity to their acute care setting or home even when services are not optimal to their needs. The applicant anticipates that the presence of the proposed CMR hospital will increase options for such patients, alleviate anxieties and allow for patients to access appropriate services quickly.

In discussion of enhancing access to services, the applicant describes providing a significant proportion of care to Medicaid, indigent, uninsured and underinsured patients. NFRMC expresses the intent to serve all patients regardless of their payer status conditioning approval of the proposed hospital to the minimum provision of 10.0 percent Medicaid/Medicaid HMO/charity care total patient days.

Service Area Characteristics

NFRMC summarizes the geographic distribution of its existing campus, broad features of District 3's location in north central Florida and the spatial clusters of existing CMR providers and pending approved projects within the area. The applicant states that other than UHRH there are no other existing or approved CMR facilities/units located in the northern portion of District 3. The applicant notes that Encompass Health Ocala is the shortest distance and drive time from NFRMC after UHRH. The reviewer notes that the applicant disregards HCA's own approval of a 12-bed CMR unit at West Marion Community Hospital—one county south of Alachua County. NFRMC notes that all other providers are 64 to 105 miles or in excess of one hour's drive time. The applicant states that all other CMR providers outside of Alachua County are not reasonable alternatives for CMR-eligible patients due to geographic considerations. NFRMC maintains that UHRH as the only provider in Alachua County demonstrates a lack of competition for CMR services within the county. The reviewer notes that CMR is examined on a district level and that District 3 has four different existing health systems providing CMR services and two additional health systems (including HCA) with approved CMR beds.

The applicant observes that CMR inpatient facilities primarily serve patients from their home counties, which underscores the increasingly localized nature of CMR service delivery. HCA intends to serve residents discharged from NFRMC's acute care setting who reside in the subdistrict and those discharged from adjacent service areas without any licensed or CON-approved beds particularly in Columbia, Hamilton, Suwannee and Putnam County.

In addition to reviewing the geographic distribution of providers, NFRMC provides a districtwide population analysis of District 3. The applicant identifies Subdistrict 3-2 as the subdistrict from which most of the facility's acute care discharges are drawn—with Subdistricts 3-1 and 3-3 contributing significant proportions of acute care discharges. NFRMC provides the following remarks with respect to the populations of these areas:

- Subdistricts 3-1, 3-2 and 3-3 represent approximately one-third of the adult population of the district

- Just over one-fifth (20.7 percent) of District 3's CMR beds are physically located within these three subdistricts (50 existing and approved CMR beds in northern District 3)

The applicant states that the population to CMR bed ratio within northern District 3 is 9.87 per 100,000 adults while the remainder of District 3 has a CMR bed-to-population ratio of 18.69 per 100,000 adults. The applicant notes that the northern portion of District 3 would need 44 additional CMR beds in order to match the bed ratios of the southern portion of District 3. NFRMC maintains that the capacity for existing providers outside of Alachua County to add beds through exemption exacerbates the disparity in the ratio of beds geographically and the absence of competitive alternatives within Alachua County.

From 2017 – 2018, NFRMC indicates that 61.0 percent of its adult inpatients discharged were from Subdistrict 3-2 and 75.0 percent of adult inpatients discharged were from Subdistricts 3-1, 3-2 and 3-3. NFRMC states that these three areas constitute its self-identified primary and secondary service areas of the proposed project. The reviewer notes that the service district being examined is District 3 in total, pursuant to 59C-1.039, Florida Administrative Code.

District 3 CMR Utilization Patterns and Trends

NFRMC reviews the historical utilization of District 3 CMR providers for the 12-month period ended June 30, 2018 and observes that all providers except for The Villages Regional Hospital had occupancies above 80.0 percent. Despite having an occupancy of 70.8 percent, the applicant maintains that The Villages Regional primarily serves patients discharged from its own acute care setting and is 64 miles/one hour, eight minutes driving time from NFRMC. The applicant maintains that UHRH is the only facility that is a realistic alternative for CMR-eligible patients discharged from NFRMC due to geographic considerations. NFRMC determines that the two Encompass facilities in District 3 are inaccessible to low income/Medicaid patients and are located at distances that are prohibitive for older drivers.

In analysis of the accessibility of Encompass to patients of different payer mixes, the applicant provides a 12-month summary of Encompass Spring Hill and Ocala's discharges for the 12-month period ended June 2018 (CON application #10570, Page 26). From the analysis provided, North Florida highlights the two facilities' provision of 0.4 percent Medicaid/Medicaid HMO and 1.0 percent self-pay/non-pay combined. In comparison, all District 3 CMR providers averaged 3.5 percent Medicaid/Medicaid HMO and 1.3 percent self-pay for the same time period.

The applicant next discusses the bed availability at UF Health Shands Rehab Hospital (CON application #10570, Pages 26 – 27). While NFRMC acknowledges that the facility has an exemption to add 10 additional CMR beds from the third quarter of 2013 to the third quarter of 2018, the applicant notes that Shands has consistently operated over 80 percent (except during the first quarter of 2014). Within this period, NFRMC finds that UHRH experienced a 13.0 – 14.0 percent increase in occupancy and patient days. The applicant expects for this trend in occupancy at UHRH to persist due to population expansion and aging. NFRMC also expects for the facility's anticipated bed expansion to result in the increased capacity to redirect patients needing CMR services away from diversion to SNFs.

Moreover, using Agency published population projections the applicant continues to list population changes in District 3, Subdistricts 1, 2 and 3 from January 2019 to January 2023 across all age groups, excluding persons 0-14. Overall the applicant concludes that the population changes reflect that the three subdistrict area targeted by the proposal reflects an expanding and aging population, especially the 65+ population. In particular NFRMC discusses the estimated 3.9 percent increase of the total population and 12.8 percent increase in the 65+ population by the second year of the project's operation. The applicant also underscores that the 65+ population within the area will account for 23.2 percent of the population. Due to the demand that 65+ populations contribute to CMR services, the applicant states that the anticipated rehabilitation model that will be employed at NFRMC is based on quick access to rehabilitation services that will facilitate returning older persons back into the community and preventing long-term stays in a nursing home setting.

The applicant continues to state that staff case managers report barriers and delays in accessing CMR services due to high occupancies of area providers which create accessibility problems for the area's growing and aging population and worsen NFRMC's occupancy issues. NFRMC considers these issues together as a not normal circumstance.

In addition, HCA notes that by the second year of the proposed program's operations the targeted service area's population will constitute 47.5 percent of District 3's adult population, but will only have approximately 21 percent of the District 3's CMR beds. NFRMC considers the "maldistribution" of beds within its self-identified service area and the broader district to represent a not normal circumstance.

In demonstrating the inaccessibility of CMR beds within the area, NFRMC next presents a summary of acute discharges to CMR from providers in its self-identified service area and finds that only two facilities exceeded the acute care discharge average of the district. The applicant provides two tables depicting adult discharges to CMR within their self-identified service area.

Percent of Adult Discharged to CMR: Subdistricts 3-1, 3-2 and 3-3 Acute Care Hospitals July 2017 - June 2018

Hospital	To CMR	Total	Percentage
Lake Butler Hospital	0	29	0.0%
Lake City Medical Center	9	5,686	0.2%
North Florida Regional Medical Center	293	25,512	1.1%
Putnam Community Medical Center	16	5,165	0.3%
Regional General Hospital Williston	19	170	11.2%
Shands Lake Shore Regional Medical Center	0	2,672	0.0%
Shands Live Oak Regional Medical Center	0	942	0.0%
Shands Starke Regional Medical Center	0	845	0.0%
UF Health Shands Hospital	1,049	30,410	3.4%
Grand Total	**1,386**	**71,431**	**1.9%**

Source: CON application #10570, page 29

Adult Resident Discharges from CMR: Subdistricts 3-1, 3-2 and 3-3 July 2017 - June 2018

Facility	Discharges	% Share
UF Health Shands Rehab	683	78.7%
Encompass Health of Ocala	85	9.8%
Brooks Rehabilitation Hospital	63	7.3%
Orange Park Medical Center	36	4.1%
Encompass Spring Hill	1	0.1%
The Villages Regional Hospital	0	0.0%
All Other	44	5.1%
Total	**868**	**100.0%**

Source: CON application #10570, page 30

The applicant states that UHRH accounted for 79.0 percent of adult resident discharges from CMR within its self-identified service area. NFRMC notes that the there are two CMR providers located outside of District 3 but that patients mainly receive CMR services locally. The applicant advances that despite NFRMC's proximity to UHRH, the rehabilitation facility is inaccessible due to high occupancies. NFRMC provides the following table to reflect the discharges to and from CMR beds at UHRH.

Discharges to and from CMR Beds: UF Health Shands Hospital July 2017 - June 2018

Discharges to CMR	714
CMR Unit Discharges	683
Discharges to CMR as % of CMR Unit Discharges	104.5%

Source: CON application #10570, page 31

Based on this table, the applicant states that the number of CMR patients discharged by UF Health Shands to the UHRH CMR setting represented over 100.0 percent of the number discharged from its 40-bed CMR unit, further underscoring the reality that CMR bed availability for non-Shands inpatients is limited. The reviewer notes it is not possible to make the conclusions the applicant makes from the data presented in the table above. The reviewer is unable to reconcile this data to make the same conclusions.

Alongside these accessibility issues, NFRMC details the follow issues documented by NFRMC case managers:

- There are no CMR beds available due to the extremely high occupancy rates experienced by UHRH.
- The patient's type of health insurance is not accepted by all area CMR providers—or the patient is a charity case.
- There are undue delays in calling for authorization from managed care providers and commercial insurers.
- The patient's family cannot or will not make the drive to CMR programs located outside Alachua County.
- Area providers generally do not accept or there are undue delays in accepting certain patient conditions or space is limited for these patients, especially those with limited financial resources. This is especially true of complex neuro rehab patients such as those with traumatic brain injury or spinal cord injury. Patients with tracheostomies, psychiatric/substance abuse issues, and patients with uncertain unclear dispositions after two weeks also fall into this category.

NFRMC states that the proposed facility will serve all of these patients with the exception of major multiple trauma patients. The applicant provides an analysis that reflects the time to place patients in number of days by payer source. A consolidated table is reproduced below:

Days Between CMR Referral Date and Actual CMR Placement Date					
	Medicare	**Medicaid**	**Self-Pay/Charity**	**All Other**	**Grand Total**
Payer Mix Distribution	82.0%	5.0%	1.0%	12.0%	100.0%
Placement Days					
0-2 Days	39%	0%	50%	14%	34%
3-7 Days	45%	55%	0%	64%	47%
8-14 Days	13%	18%	0%	21%	14%
15-30 Days	3%	9%	50%	0%	3%
>30 Days	0%	18%	0%	0%	1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: CON application #10570, page 32. Totals may not add due to rounding.

From the provided analysis, the applicant finds that only 34.0 percent of patients were placed in a CMR bed within two days or less. NFRMC emphasizes the importance of delays in placement as these time periods affect discharges from the hospital and delay admissions to the hospital. The applicant observes that there are disparities in the placement times of patients by payer source—notably that patients from Medicaid/ self-pay groups experience longer placement times than those in Medicare or "All Other" patient types. NFRMC maintains that these findings indicate that there are barriers in accessing care within the northern area of District 3, especially for lower-income patients.

Barriers to CMR Services

The applicant reiterates that most neighboring CMR providers are inaccessible due to geographic constraints and that the closest CMR provider, UHRH, is inaccessible due to high occupancies. NFRMC expects that a significant number of patients are discharged to SNFs as alternatives to CMR providers due to geographic and capacity constraints, sentiments that are expressed by NFRMC case managers. The applicant does concede that estimates and counts of these patients are not available.

NFRMC provides the following table to reflect actual and expected discharges to CMR and SNFs by county from its facility during July 2017 – June 2018. A consolidated reference to the table is reproduced below:

Actual to Expected CMR Discharges from NFRMC Based on Resident Averages: Subdistricts 3-1, 3-2 and 3-3 (July 2017 - June 2018)

County	CMR: SNF Resident Discharges	NFRMC CMR: SNF Discharges	NFRMC Expected CMR Admits	Net Additional CMR Admits
Alachua	19.7%	8.5%	314	178
Bradford	14.8%	8.3%	16	7
Columbia	10.7%	9.5%	33	4
Dixie	13.6%	7.6%	23	10
Gilchrist	11.8%	4.6%	23	14
Hamilton	9.9%	6.3%	3	1
Lafayette	9.9%	8.3%	2	0
Levy	16.8%	9.9%	42	17
Putnam	9.7%	11.1%	10	-2
Suwannee	10.0%	10.2%	22	0
Union	23.1%	5.3%	18	14
NFRMC CMR Service Area				244

Source: CON application #10570, page 34

The applicant maintains that SNFs are generally not acceptable alternatives to CMR services. NFRMC notes that rehabilitation programs provided in a CMR unit/facility are led by a physician at least three times a week but frequently occur daily, while in SNFs this care occurs no more than once a week. The applicant indicates that CMR units are also required to provide 24-hour rehabilitation nursing, while there is no

comparable requirement for nursing homes. NFRMC states that the patient care planning team is required to develop an interdisciplinary plan of care for each patient geared toward rehabilitation, while this is not required in SNFs. NFRMC notes that SNFs can admit Medicare patients typically within 30 days of an acute care hospital episode of at least three consecutive days—but CMR facilities can admit a patient from any location at any time provided the patient needs intensive inpatient rehabilitative services. The applicant asserts that SNFs in its self-identified service area are essentially fully occupied.

NFRMC details studies documenting differential outcomes (better) for patients who received care in CMR settings in comparison to SNF patients. The applicant maintains that overall patients served in CMR settings had better outcomes in a shorter amount of time with lower mortality, fewer readmissions, fewer ER visits and more days at home that patients served in a SNF. In reference to 2016 American Heart Association/American Stroke Association guidelines on adult stroke rehabilitation, the applicant notes that CMR settings are preferential to SNFs. The applicant determines that there is increasing evidence that post-acute rehabilitation for stroke patients can have a significant impact on quality of life. The applicant provides copies of relevant studies in Tab 4 of CON application #10570.

The applicant references letters of support which express that the lack of inpatient CMR beds at NFRMC imposes an unfair burden on patients who cannot access beds at UHRH and face geographic barriers when accessing care at other surrounding CMR providers. Excerpts from these support letters appear on pages 37 – 40 of CON application #10570.

Projected Utilization of NFRMC's Proposed CMR Program

NFRMC describes discharging 323 inpatients in 2017 – 2018 to CMR. The applicant states that case managers on staff at NFRMC have stated that there are many instances of patients needing to be discharged to a CMR bed—due to bed availability, their payer status or some other combination of factors are unable to receive care in a CMR setting. NFRMC maintains that 3,086 patients discharged to the Medicare-certified SNF setting may have been eligible for CMR services.

The applicant indicates that the proposed utilization forecast was developed with the assumption that the 24-bed freestanding hospital would be filled rapidly and primarily from patients currently discharged from NFRMC's acute care setting. NFRMC intends to accept referrals from affiliate facilities Lake City Medical Center and Putnam Community Hospital and patients who are usually not accepted at UHRH or

Encompass Health Ocala due to high occupancies, patient payer status, clinical conditions or some other combination of factors. The following utilization forecast is presented for the proposal.

NFRMC 24-Bed CMR Hospital Forecast July 2021 - June 2023				
Qtr./Yr.	**Discharges**	**Patient Days**	**ADC**	**Occ. Rate**
Jul - Sep 2021	96	1,283	13.9	58.1%
Oct - Dec 2021	115	1,537	16.7	69.6%
Jan - Feb 2022	121	1,617	18.0	74.9%
Apr - Jun 2022	126	1,683	18.5	77.1%
Year One	**458**	**6,120**	**16.8**	**69.9%**
Jul - Sep 2022	126	1,683	18.3	76.2%
Oct - Dec 2022	126	1,684	18.3	76.3%
Jan - Feb 2023	126	1,683	18.7	77.9%
Apr - Jun 2023	126	1,683	18.5	77.1%
Year Two	**504**	**6,733**	**18.4**	**76.9%**

Source: CON application #10570, page 43. Totals may not add due to rounding.

NFRMC considers the project a modest size and expects to generate profits in the first two years of operations, which the applicant states demonstrates financial feasibility. The applicant outlines the anticipated utilization by payer mix: 65.0 percent Medicare/Medicare HMO, 14.0 percent Medicaid/Medicaid HMO/charity/self-pay and the remaining proportion to commercial or other payers.

Impact on Other District 3 Providers

The applicant maintains that the proposed freestanding CMR hospital will primarily serve patients being discharged from NFRMC's acute care setting and referrals from affiliate facilities. NFRMC estimates that well over 200 CMR admissions per year will accrue due to its enhanced ability to serve patients properly such as those currently being discharged to SNFs. From the FY18 data alone, the applicant estimates there would have been 244 admissions, an ALOS of 13.4 days (3,270 patient days) and an ADC of nine patients.

NFRMC anticipates that the proposed CMR unit will be highly successful based on realistic assumptions regarding start-up and utilization rates. The applicant states that the utilization forecast assumes that the establishment of a CMR unit at NFRMC will help increase the proportion of acute care patients discharged to CMR which will align NFRMC with area norms and minimize any impact on existing providers. The reviewer notes that the proposed project is for a freestanding hospital not for a unit within the NFRMC acute care setting. NFRMC expects for the growing and aging of the population to further minimize any impact of the proposed CMR service on area providers.

The applicant contends that the proposed CMR project is desperately needed and that the benefit from approval will improve bed availability, accessibility and patient continuity of care. NFRMC expects for these benefits to outweigh any negative outcomes including any diversion of patient volumes from UHRH or any other provider.

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.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) states that the proposed CMR project will be located on its existing hospital campus which is licensed as a general hospital.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) indicates that the proposed CMR program will be provided as a separate premise of NFRMC at 4086 SW 41st Boulevard, Gainesville, Florida.

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

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) notes that the proposed CMR project will be located in a separately organized unit which will involve the construction of a new second floor. The applicant's Schedule 9 includes schematic renderings of the proposal.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) states that proposed CMR services will be provided in a specialty hospital. The applicant states that the proposed project will establish a new premise near the intersection of I-75 and SW Archer Road. NFRMC indicates that the proposed facility will

contain both CMR and adult psychiatric beds on separate floors, if both this application and another filed psychiatric proposal (CON #10568) are approved. Schematic drawings for the proposal are included in Schedule 9 of the application.

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

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) is a general hospital and proposes a 30-bed inpatient CMR unit which complies with the minimum bed criterion.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) is proposing a specialty hospital with 24 beds which does not comply with the minimum bed criterion.

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

The parent company of both applicants, HCA, participates in the Medicare and Medicaid programs at both existing hospitals, a practice which will be extended to both CMR programs. HCA states that both projects will operate as provider-based units for reimbursement purposes that will bill under the existing hospitals' provider numbers. The reviewer notes that for licensure purposes CON application #10570 will be a separately licensed premise—a Class III CMR hospital.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) provides the following proposed payer mix:

Oak Hill Hospital Forecasted Payer Mix: Years 1 and 2							
	Self-Pay/ Charity	Medicaid HMO	Medicare	Medicare HMO	Commercial Ins.	Other Payers	Total
Year 1	120	256	2,461	2,583	478	105	6,003
Year 2	149	318	3,054	3,206	593	130	7,450
Year 1 %	2.0%	4.3%	41.0%	43.0%	8.0%	1.7%	100.0%
Year 2%	2.0%	4.3%	41.0%	43.0%	8.0%	1.7%	100.0%

Source: CON application #10569, Schedule 7B. Years 1 and 2 correspond with the years ending 12/31/22 and 12/31/23 respectively. *HMO/PPO

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) provides the following proposed payer mix:

North Florida Regional Medical Center Forecasted Payer Mix: Years 1 and 2								
	Self-Pay/ Charity	Medicaid	Medicaid HMO	Medicare	Medicare HMO	Commercial Ins./HMO/PPO	Other Payers	Total
Year 1	136	311	410	3,248	731	1,128	156	6,120
Year 2	150	342	451	3,574	804	1,241	172	6,734
Year 1 %	2.2%	5.1%	6.7%	53.1%	11.9%	18.4%	2.5%	100.0%
Year 2%	2.2%	5.1%	6.7%	53.1%	11.9%	18.4%	2.6%	100.0%

Source: CON application #10570, Schedule 7B

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.

HCA states that both proposed CMR programs will be operated under the direct medical supervision of a board-certified physical medicine and rehabilitation specialist or physiatrist and that the medical director will be responsible for directing and coordinating the interdisciplinary team. HCA indicates that the physiatrist will be responsible for coordinating the services of any and all medical consultants to ensure that the required medical care for each patient is available, provided in a timely manner and coordinated alongside the implementation of the rehab plan of care.

For both proposed projects, HCA intends for one physician to serve as medical director at each respective program and manage the rehabilitation needs of admitted patients. HCA states that arrangements will be made as necessary to ensure that patients can be admitted seven days a week as needed. The role of the anticipated medical directors for the proposed CMR programs are outlined in both applications.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) expects to collaborate with U.S. Physiatry in the physician recruitment efforts for the proposal and references a letter of support included in Attachment I of CON application #10569.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) anticipates recruiting a physician with the assistance of the corporate physician recruitment office within HCA.

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

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

HCA indicates that the identified services are currently available to patients at both existing hospital campuses with the exception of rehabilitation nursing. HCA references the proposed staffing models for the proposed CMR programs included in Schedule 6A of both applications and provides job descriptions for the medical director, program director, rehabilitation nursing, therapy, social services and other key rehabilitation positions for the proposed CMR services. HCA notes that psychological services will be available to CMR patients when needed to fulfill the rehab plan of care. HCA characterizes orthotic and prosthetic services as specialized areas of care that will be utilized on a contractual basis as necessary to meet patient needs.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) provides descriptions of each service type on pages 63-67 of CON application #10569.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) provides descriptions of each service type on pages 51-56 of CON application #10570.

c. Criteria for Determination of Need:

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

Both proposals are submitted outside of the fixed need pool.

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

For the most recent reporting period, the CMR utilization rate in District 3 was 85.33 percent.

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

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

While both applicants indicate that both hospitals are not disproportionate share hospitals (DSH), the Agency's DSH report (May 16, 2019, 3:35 pm) lists both applicants among hospitals that participate in the DSH program.

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

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) proposes to serve Medicaid/Medicaid HMO (including Medicaid-eligible) and indigent patients in its Schedule 7B. Approval of the proposal is conditioned to the provision of four percent of total annual CMR discharges to Medicaid/Medicaid managed care and self-pay/no pay (including charity care patients).

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) proposes to serve Medicaid/Medicaid HMO (including Medicaid-eligible) and indigent patients in its Schedule 7B. Approval of the proposal is conditioned to the provision of 10 percent of total annual CMR discharges to Medicaid and charity care patients.

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

The applicants are not listed as Level II trauma centers per Florida Department of Health's Florida Trauma Center listings, last updated August 8, 2018.

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.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) maintains that this two-hour travel time reflects the provision of CMR services two decades ago when only a small number of patients received CMR care and the benefit of these services was not fully recognized. The applicant states that the Agency has recognized the benefits of improved geographic access to CMR services at much shorter travel times in a series of previous CMR approvals. OHH expects for the approval of the proposed CMR unit to result in enhanced geographic access for many patients. The applicant determines that current acute care patients are routinely unable to access existing CMR beds in the service area and the proposed project will remedy this access issue and enhance geographic access in the service area.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) asserts that the proposal does not depend upon improvements in the geographic access standard for the justification of the proposed project. The applicant expects that the proposed project will result in enhanced geographic access for many patients. NFRMC contends that existing acute care patients are routinely unable to access CMR beds in the service area and expects for the proposed project unit to remedy this access issue.

e. Quality of Care

(1) Compliance with Agency Standards. Comprehensive medical rehabilitation inpatient series shall comply with the Agency standards for program licensure described in Chapter 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.

HCA maintains that OHH, NFRMC and HCA-affiliated hospitals in Florida currently operate in compliance with licensure standards described in Chapter 59A-3, Florida Administrative Code, and CMS Medicare conditions of participation. HCA indicates that these compliance practices will continue and extend to the implementation of the proposed CMR services. HCA maintains that both proposals are consistent with these standards and intends to apply for CARF accreditations for both proposals within the first year of operating the proposed CMR services. HCA describe its quality record as a function of quality and clinical excellence programs, clinical outcomes, patient experience, technology and innovation, culture of safety and performance improvement indicators.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) provides a quality narrative on pages 70-72 of CON application #10569.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) provides a quality narrative on pages 58-60 of CON application #10570.

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.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) proposes to serve adults aged 18+, with approximately 18.0 percent of admissions aged 18-64 and 82.0 percent aged 65+ by year three.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) intends to serve adults aged 18+ with approximately 33.7 percent of admissions aged 18-64 and 66.3 percent aged 65+ by year three.

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

Both HCA-affiliated applicants express the intent to provide the following services in their proposed projects: stroke rehabilitation, arthritis, wound care, orthopedic, specialty management and balance/vestibular programs. HCA states that these programs will be provided on an inpatient or outpatient basis as necessary to meet the needs of the patient populations.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) provides narrative descriptions of the proposed specialty programming on pages 80-83 of CON application #10569.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) provides narrative descriptions of the proposed specialty programming on pages 68-72 of CON application #10570. With regards to stroke rehabilitation services, NFRMC discusses concerted efforts at its existing campus to expand services to stroke patients and other critical care services for brain and heart care as detailed in letters of support for the project.

(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.

In addressing proposed staffing for the CMR proposals, HCA states that the proposed staffing levels for both proposed projects are consistent with licensure, CMS and CARF standards. HCA notes that a number of staff positions currently are in position at the existing hospital campuses while others will be new.

Job descriptions for various staff positions and resumes are included in attachments and supporting materials of both applications. HCA asserts that the medical directors for the proposed CMR projects will be board certified physiatrists with at least two years' experience in the medical management of inpatients requiring rehabilitation services. Overviews of the training and experience requirements for key direct care staff are provided for the following positions: registered nurse, physical therapist, occupational therapist and speech language pathologist. HCA states that it will train all medical staff and employees on the significance of a culture of safety, an essential component in a quality environment. A list of training topics for staff and employees includes: fall prevention, infection control, incidents and sentinel event reporting, environmental safety, medication management, universal protocols, patient rights, confidentiality, privacy, healthcare compliance and ethics.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) includes job descriptions, draft descriptions for various staff positions and resumes in Attachments F, G, and J of CON application #10569. The proposed staffing for the project is provided below:

Proposed Staffing - CON #10569		
Position	**Year 1 FTE**	**Year 2 FTE**
Program Director	1.0	**1.0**
Manager	1.0	**1.0**
Outreach Coordinator	1.5	2.0
PAI Coordinator	1.0	1.0
Medical Director/Physiatrist	Contracted	Contracted
Charge Nurse/Clinical Coordinator	1.0	1.0
RNs	12.6	16.8
CNAs	8.4	8.4
Unit Secretary		1.4
Inpatient Therapy Manager	1.0	1.0
Physical Therapist	5.6	5.0
Physical Therapy Assistant		1.0
Speech Therapist	1.5	2.0
Occupational Therapist	5.6	5.0
Occupational Therapy Assistant		1.0
Social Worker/Case Manager	1.0	1.5
Total	**41.2**	**49.10**

Source: CON application #10569, Schedule 6.
Years one and two correspond with the years ending December 31st of 2022 and 2023.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) includes job descriptions, draft descriptions for various staff positions and resumes are in Tabs 6, 8, and 13 of CON application #10570. The proposed staffing for the project is provided below:

Proposed Staffing- CON #10570		
Position	**Year 1 FTE**	**Year 2 FTE**
Program Director	1.0	1.0
Nurse Manager	1.0	1.0
Clinical Rehab Specialist/Outreach	1.0	2.0
PAI Coordinator	1.0	1.0
Medical Director/Physiatrist	1.0	1.0
Charge Nurse/Clinical Coordinator	1.0	1.0
RNs	15.4	16.8
CNAs	4.2	5.6
Unit Secretary	1.4	1.4
Inpatient Therapy Manager	1.0	1.0
Physical Therapist	4.2	4.5
Physical Therapy Assistant	2.8	2.8
Speech Therapist	1.5	2.3
Occupational Therapist	4.2	4.5
Occupational Therapy Assistant	2.5	2.8
Social Worker/Case Manager	1.0	2.0
Total	**44.2**	**50.65**

Source: CON application #10570, Schedule 6.
Years one and two correspond with the years ending June 30th of 2022 and 2023.

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

HCA states that some of the personnel required for the proposed CMR projects may be reassigned from the existing hospital campuses at OHH and NFRMC, while others will be recruited as necessary. HCA indicates that most of the affected personnel categories are recruited through: promotion/recruitment within HCA, the use of corporate recruitment personnel/resources, professional recruiting agencies/services and when necessary advertisements in professional publications.

(5) Expected sources of patient referrals.

HCA expects to draw referrals for both proposed projects from a number of sources including acute care admissions at the existing hospital campuses, physicians on staff at existing hospital campuses, others practicing in the service area and referrals from area health care facilities.

(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.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) provides the following table to demonstrate the proposed payer mix for CON application #10569.

Oak Hill Hospital Forecasted Payer Mix: Years 1 and 2							
	Self-Pay/ Charity	Medicaid HMO	Medicare	Medicare HMO	Commercial Ins.	Other Payers	Total
Year 1	120	256	2,461	2,583	478	105	6,003
Year 2	149	318	3,054	3,206	593	130	7,450
Year 1 %	2.0%	4.3%	41.0%	43.0%	8.0%	1.7%	100.0%
Year 2%	2.0%	4.3%	41.0%	43.0%	8.0%	1.7%	100.0%

Source: CON application #10569, Schedule 7B.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) provides the following table to demonstrate the proposed payer mix for CON application #10570.

North Florida Regional Medical Center Forecasted Payer Mix: Years 1 and 2								
	Self-Pay/ Charity	Medicaid	Medicaid HMO	Medicare	Medicare HMO	Commercial Ins./HMO/PPO	Other Payers	Total
Year 1	136	311	410	3,248	731	1,128	156	6,120
Year 2	150	342	451	3,574	804	1,241	172	6,734
Year 1 %	2.2%	5.1%	6.7%	53.1%	11.9%	18.4%	2.5%	100.0%
Year 2%	2.2%	5.1%	6.7%	53.1%	11.9%	18.4%	2.6%	100.0%

Source: CON application #10570, Schedule 7B

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

HCA expresses the intent to extend services to all patients in need of care regardless of their ability to pay or source of payment in continuation of its current practices. HCA indicates that Medicaid-sponsored, self-pay and indigent patients are currently served by the existing facilities/applicants and the proposals will ensure accessibility to these patients for needed inpatient rehabilitation services. Estimates for the provision of charity care are outlined in Schedule 7B in both applications.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) states that forecasts are drawn from an assessment of the applicant's and other area acute care facility discharges to hospital rehabilitation services, state-and district-wide CMR discharges and the demographic characteristics of Hernando and Citrus Counties.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) indicates that forecasts are drawn from an assessment of the applicant's and other area acute care facility discharges to hospital rehabilitation services, state-and district-wide CMR discharges and the demographic characteristics of Alachua County.

(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.

Both applicants express the intent to comply with this criterion.

3. Statutory Review Criteria

a. Is need for the project evidenced by the availability, quality of care, accessibility and extent of utilization of existing health care facilities and health services in the applicant's service area? ss. 408.035(1)(a) and (b), Florida Statutes.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) summarizes need arguments analyzed in section E.1.c. of this report on page 87 of CON application #10569. A summary is provided below.

- Forecasted rates of growth within its self-identified service area (Hernando and Citrus County), especially among those 65+ who are frequent users of CMR services.
- Citrus County has no CMR beds.
- OHH's status as an advanced primary stroke center.

- Documented difficulties encountered in placing significant numbers of referred patients into existing CMR beds due to capacity constraints, as well as unwillingness or inability of existing providers to accept all patients.
- The patient population is growing and aging.
- Existing CMR providers within the service area are highly utilized.
- Existing CMR providers are selective in which patients they will accept, often denying Medicaid and charity patients.
- OHH and CMH are unable to discharge sufficient patient volume to CMR.
- Encompass dominates the CMR market in the proposed self-identified service area—90 percent of Hernando and Citrus County CMR discharges. Lack of competition provides little impetus for improvements in quality and cost-effectiveness of services offered.
- OHH will enhance continuity of care by offering a full range of acute care support services. Encompass must often transport CMR patients which is costly and disruptive to continuity of care.
- As a participant in BCPI, OHH will be able to better manage the care of its BCPI patients within its own CMR unit, with greater control over readmissions from CMR and costly patient transports for ancillary services.
- OHH experiences a high-readmission rate and is unable to control the costs of patients currently discharged to existing CMR providers.
- Given the rapidly growing and aging population in the applicant's self-identified service area, the proposed project is not expected to have any meaningful adverse impact on existing CMR providers in District 3.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) summarizes need arguments analyzed in section E.1.c of this report on pages 76 – 78 of CON application #10570. A summary is provided below.

- Consistently high utilization of UHRH's CMR beds.
- UHRH's practice of giving preferential consideration to admission for its own patients.
- The absence of a realistic competitive alternative to UHRH's CMR beds.
- The consequent lack of choice afforded to managed care providers.
- The imbalanced geographic distribution of CMR beds between northern District 3 and southern District 3.
- The fact that CMR programs primarily serve patients from their home counties.

- Lengthy delays in NFRMC being able to place patients in CMR beds.
- Denials of or lengthy delays in placing Medicaid and other medically underserved patients in CMR beds.
- Documentation of persons needing CMR services being diverted to SNFs at above-average rates.
- The special need that the hospital has based on its designation as a comprehensive stroke center, coupled with the 2016 AHA/ASA adult stroke guidelines strongly recommending that immediately following their acute-care stay, stroke patients should preferentially receive rehabilitation treatment in the inpatient rehabilitation setting versus in a SNF.
- The large population residing in the three subdistricts comprising the northern District 3 service area and forecasted rates of growth within that population—especially those persons 65+.
- The geographic inaccessibility of CMR programs located in southern portions of District 3.
- NFRMC's low percentage of acute care to CMR conversion compared to UF Health Shands, verifying NFRMC's historical problems placing its CMR eligible patients into UHRH.

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

The parent-company of the applicants, HCA, operates 51 acute care facilities within Florida. Thirty-seven of these facilities experienced 108 substantiated complaints across multiple complaint categories for the three-year period between March 1, 2016 and March 1, 2019. The table below summarizes this complaint history:

HCA, Inc. Substantiated Complaint History (Allegation Descriptions by Count) 36 Months Ending March 1, 2019	
Administration/Personnel	2
Admission, Transfer & Discharge Rights	8
Billing/Refunds	3
Elopement	0
Emergency Access	15
EMTALA	1
Falsification of Records/Reports	1
Fraud/False Billing	1
Infection Control	1
Life Safety Code	2
Nursing Services	4
Pharmaceutical Services	1
Physical Environment	1
Physician Services	4
Quality of Care/Treatment	39
Resident/Patient/Client Assessment	1
Resident/Patient/Client Rights	11
Restraints/Seclusion General	1
State Licensure	29
Unqualified Personnel	2
Total	**127**

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

As the parent-company of both applicants, HCA identifies as the second largest provider of inpatient rehabilitation services in the nation. HCA states that its "Rehabilitation Service Division" oversees the operations of all rehab inpatient programs and assists in program development, regulatory compliance, training, education and physician recruitment. HCA recounts its long-standing experience with developing high quality inpatient rehabilitation programs and details quality initiatives, awards, recognitions and initiatives as evidence of its commitment and capacity to provide quality care including: UDS – Uniform Data Systems, American Medical Rehabilitation Providers Association and equipment.

HCA states that the proposed CMR programs will be incorporated into existing care delivery, performance improvement and utilization review structures including the performance improvement plan (PIP) and policies regarding patient care quality, safety, privacy and satisfaction. HCA indicates that the PIP describes the systematic, coordinated and continuous organization-wide approach to the maintenance and improvement of quality care, patient safety and services and services used within the facility. The organization also adapts the Institute of Medicine's definition of quality which is defined as a function of the

following parameters: safe, effective, patient-centered, timely, efficient and equitable.

HCA maintains that performance improvement policies specific to proposed programs will be developed as components of the two larger plans and will be reviewed and updated as necessary. Both applications discuss accumulating extensive bodies of experience, resources, ability and reliability in the operations of their existing hospital campuses which will extend to the proposed CMR programs.

The objectives of the corporate "Patient Safety Plan" are outlined as follows:

- Recognition and acknowledgement of medical/health accident/errors and risks to patient safety
- The initiation of actions to reduce these risks
- The internal reporting of what has been identified and the actions taken
- A focus on processes and systems
- Minimization of individual blame or retribution for involvement in a medical/health care accident/error
- Organizational learning about medical/health care accident/error
- Support of the sharing of that knowledge to affect behavioral changes in itself and other health care organizations.

HCA notes that the patient safety improvement plan provides a systematic, coordinated and continuous approach to the maintenance and improvement of patient safety through: establishing mechanisms that support effective responses to actual occurrences, ongoing proactive reduction in medical/health care accidents/errors and integration of patient safety priorities into the new design and redesign of all relevant organization processes, functions and services.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) describes its historical and existing capacity to provide quality care as a function as a provider to Hernando County residents since 1984. The applicant lists the array of patient care, ancillary care and outpatient services available at its facility.

The applicant summarizes patient care activity and the economic impact of OHH in FY 2017. OHH discusses the provision of care to 17,851 hospital inpatients and 92,944 total patients, including 60,375 emergency patients. The applicant states that the total economic impact to the local community exceeded $156,781,748. A copy of HCA West Florida's 2018 Community Benefit Report is included in Attachment E of the application.

OHH lists its accreditations through the Joint Commission and HCA's programs, awards, and quality initiatives on pages 88 through 95 of CON application #10569.

OHH was not among facilities operated by HCA with substantiated complaints within the three-year period ending March 1, 2019.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) describes its existing and historical capacity to provide care since 1973 as related to its hospital staffing, services and medical programs listed on page 79 of CON application #10570. The applicant underscores its role in the provision of high-quality, cost-effective health care that meets or exceeds community expectations and needs. NFRMC states that its organizational core values influence the transmission of care and the organization's commitment to serve as a community leader. The applicant also discusses staff involvement in community organizations on page 79 of CON application #10570.

In FY 2017, NFRMC indicates providing care to more than 28,200 hospital inpatients and 207,250 total patients of which 75,846 were emergency patients. The total economic impact to the community for this year was $307,128,800. North Florida Regional's 2017 Community Benefit Report and other community activities are provided in Tab 14 of CON application #10570.

Awards and recognitions received by the applicant's facility and management team are listed on page 80 of CON application #10570.

Broadly, the applicant also discusses the impact of technology in the delivery of quality, provides the "Organizational Performance Improvement Plan" (including the Performance Improvement Methodology: PDCA) and the "Utilization Management Plan" employed for the delivery of quality care on pages 80-81 and 86-88 of CON application #10570.

NFRMC experienced two substantiated complaints within the three-year period ending March 1, 2019, in the following categories: state licensure and fraud/false billing.

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.

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital

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

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

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569): It appears that the 2018 10-K was available but was not submitted with the CON. We used 2017 instead.

HCA Healthcare, Inc.		
	Dec-17	**Dec-16**
Current Assets	$9,977,000,000	$9,086,000,000
Total Assets	$36,593,000,000	$33,758,000,000
Current Liabilities	$6,158,000,000	$5,834,000,000
Total Liabilities	$41,588,000,000	$39,391,000,000
Net Assets	($4,995,000,000)	($5,633,000,000)
Total Revenues	$43,614,000,000	$41,490,000,000
Excess of Revenues Over Expenses	$4,381,000,000	$4,810,000,000
Cash Flow from Operations	$5,426,000,000	$5,653,000,000
Short-Term Analysis		
Current Ratio (CA/CL)	1.6	1.6
Cash Flow to Current Liabilities (CFO/CL)	88.11%	96.90%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	-709.3%	-595.7%
Total Margin (ER/TR)	10.04%	11.59%
Measure of Available Funding		
Working Capital	$3,819,000,000	$3,252,000,000

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%

Capital Requirements and Funding:
The applicant indicates on Schedule 2 capital projects totaling $44,212,728, which consists of the CON currently under review ($16,301,000), routine capitalization, and exempt/non-review items. 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.

Conclusion:
Funding for this project will be provided by related company financing. A letter of commitment was provided by the parent company pledging support. Funding for the entire capital budget should be available as needed.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570):

HCA Healthcare, Inc.		
	Dec-18	Dec-17
Current Assets	$10,213,000,000	$9,977,000,000
Total Assets	$39,207,000,000	$36,593,000,000
Current Liabilities	$7,569,000,000	$6,158,000,000
Total Liabilities	$42,125,000,000	$41,588,000,000
Net Assets	($2,918,000,000)	($4,995,000,000)
Total Revenues	$46,677,000,000	$43,614,000,000
Excess of Revenues Over Expenses	$5,335,000,000	$4,381,000,000
Cash Flow from Operations	$6,761,000,000	$5,426,000,000
Short-Term Analysis		
Current Ratio (CA/CL)	1.3	1.6
Cash Flow to Current Liabilities (CFO/CL)	89.32%	88.11%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	-1184.2%	-709.3%
Total Margin (ER/TR)	11.43%	10.04%
Measure of Available Funding		
Working Capital	$2,644,000,000	$3,819,000,000

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 $179,542,945, which consists of the CON currently under review ($35,713,824), CON application #10568 ($49,613,874), routine capitalization, and exempt/non-review items. 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.

Conclusion:
Funding for this project will be provided by related company financing. A letter of commitment was provided by the parent company pledging support. Funding for the entire capital budget should be available as needed

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

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569):

Analysis:
This project is for a 30-bed CMR to be built within an existing hospital. The applicant will be compared to itself as reported in the most recent filings with the Florida Hospital Uniform Reporting System (FHURS) reports and inflated to the projected years.

	Projected	Actual	Difference
NRPD	2,591	2,765	-6.3%
CAPD	2,500	2,327	7.4%
OMPD	91	437	-79.2%
Medicare	84%	73%	14.6%
Medicaid	4%	10%	-57.3%
Total	84%	80%	4.3%

Conclusion:
The net revenue per patient day (NRPD) and cost per patient day (CPD) are close to the most recent submission. The operating margin per patient day (OMPD) is 79.2 percent less than the most recent submission. Overall, the projections appear reasonable.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570):

Analysis:
This project is for a standalone CMR hospital. The applicant will be compared to currently operating CMR hospitals in the State of Florida as reported in the most recent filings with the FHURS reports and inflated to the projected years. Inflation adjustments were based on the new CMS Market Basket, 3rd Quarter, 2018.

	Projected	Highest	Median	Lowest
NRPD	1,750	2,704	1,856	1,748
CAPD	1,715	2,601	1,474	1,330
OMPD	35	521	276	46
Medicare	65%	91%	83%	57%
Medicaid	12%	8%	2%	0%
Total	77%	92%	78%	60%

Conclusion:
The NRPD and CPD are within the control group's highest and lowest values. The OMPD is lower than the lowest in the control group. Overall, the projections appear reasonable.

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

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) and **North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570)**

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:
These projects are 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 plans submitted with these applications 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 owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569): 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.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570): 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.

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

Per FHURS statewide data for FY 2017, the applicants' historical provision of Medicaid/Medicaid HMO and charity care in comparison to District 3 providers is provided below.

District 3 Medicaid/Medicaid HMO/Charity Care Provision			
Facility/Region	**Medicaid/Medicaid HMO (%)**	**Charity Care (%)**	**Total**
North Florida Regional Medical Center	14.80%	0.54%	**15.34%**
Oak Hill Hospital	9.99%	1.64%	**11.63%**
District 3 Total (General Acute Care Providers)	**16.16%**	**1.90%**	**18.06%**
District 3 Total (General Acute and CMR Providers)	**15.57%**	**1.95%**	**17.52%**

Source: Florida Hospital Uniform Reporting System, FY 2017

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) states that HCA affiliated hospitals in District 3 have strong records of providing care to patients with little or no private insurance and to Medicaid beneficiaries. OHH maintains that HCA has developed a corporate policy for its affiliated hospitals to provide discounts to uninsured patients who are not eligible for charity care or Medicaid (CON application #10569, Attachment D). The applicant states that this level of charity care reflects a commitment to ensure accessibility for uninsured patients and those covered by Medicaid.

OHH commits to provide financial access to these patients and to extend services to all patients in need of care regardless of the ability to pay or source of payment—including for the proposed project. The applicant maintains that the proposed project will ensure accessibility for these and other service area patients in the present and the future. The following table is provided to document OHH's historical self-pay/no pay (charity) provisions for FY 2016 and 2017:

Oak Hill 2016 and 2017 Payer Mix per Patient Days and Revenue				
	FY 2016		**FY 2017**	
Payor	**% Patient Days**	**% Revenue**	**% Patient Days**	**% Revenue**
Commercial PPO and HMO	10.1%	16.1%	9.9%	1.5%
Medicaid and Medicaid HMO	8.0%	9.4%	10.0%	10.5%
Medicare and Medicare HMO	76.2%	66.9%	73.3%	66.2%
Self-Pay/Charity*	4.1%	5.1%	5.0%	5.6%
All Other	1.6%	2.6%	1.9%	2.6%
Total	**100%**	**100%**	**100%**	**100%**

Source: CON application #10569, page 102

The applicant's projected payer mix for the CMR proposal is included below:

Oak Hill Hospital Forecasted Payer Mix: Years 1 and 2							
	Self-Pay/ Charity	**Medicaid HMO**	**Medicare**	**Medicare HMO**	**Commercial Ins.**	**Other Payers**	**Total**
Year 1	120	256	2,461	2,583	478	105	6,003
Year 2	149	318	3,054	3,206	593	130	7,450
Year 1 %	2.0%	4.3%	41.0%	43.0%	8.0%	1.7%	100.0%
Year 2%	2.0%	4.3%	41.0%	43.0%	8.0%	1.7%	100.0%

Source: CON application #10569, Schedule 7B. Years 1 and 2 correspond with the years ending 12/31/22 and 12/31/23 respectively.

OHH forecasts that self-pay/charity will account for 2.0 percent of total annual patient days in years one and two and Medicaid HMO will account for 4.3 percent of total annual patient days in years one and two. The applicant conditions approval of the proposal to the minimum provision of 4.0 percent of total annual discharges to patients covered by Medicaid/Medicaid managed care or to those who meet the criteria for charity care, self-pay/no pay combined.

As of May 16, 2019, OHH had a scheduled annual LIP distribution of $17,767, of which $8,884 had been requested or previously paid, YTD. OHH was also listed among facilities with a DSH program. The applicant had a scheduled annual distribution of $805,669 of which $604,252 had been requested or previously paid, YTD.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) describes extending access to Medicaid patients and the medically indigent. The applicant commits to continue to extend services to all patients in need of care regardless of the ability to pay or source of payment—including at the proposed facility. NFRMC maintains that the proposed project will ensure accessibility for these and other service area patients in the present and the future.

The following table is provided to document NFRMC's historical indigent care payer mix from July 2017 – June 2018:

North Florida Regional Medical Center Patient Days by Payer July 2017 - June 2018		
Payer	**Patient Days**	**Percent**
Medicare	55,640	45.2%
Medicare HMO	18,217	14.8%
Medicaid	2,699	2.2%
Medicaid HMO	15,609	12.7%
Self-Pay	4,995	4.1%
Non-Payment	2,299	1.9%
Commercial Insurance	21,528	17.5%
Other Payers	1,978	1.6%
Grand Total	**122,965**	**100.0%**

Source: CON application #10570, page 104

The applicant provided a projected payer mix forecast according to the volume of discharges by payer mix:

North Florida Regional Medical Center Discharges by Payer (2021)				
	Year 1		**Year 2**	
Payer	**Discharges**	**%**	**Discharges**	**%**
Medicare	257	56.0%	282	56.1%
Medicare HMO	47	10.2%	52	10.3%
Medicaid	12	2.6%	13	2.6%
Medicaid HMO	33	7.2%	36	7.2%
Commercial Ins.	90	19.6%	99	19.7%
Self/Charity	11	2.4%	12	2.4%
Other Payers	9	2.0%	9	1.8%
Grand Total	**459**	**100.0%**	**503**	**100.0%**

Source: CON application #10570, page 105. The applicant notes that discharges may not add due to rounding

The applicant conditions approval of the proposal to the minimum provision 10.0 percent of total annual CMR discharges to a combination of Medicaid, Medicaid HMO and self-pay/other (including charity patients). NFRMC forecasts that self-pay/charity care will account for 2.2 percent of patient days in years one and two. Medicaid and Medicaid HMO will account for 11.8 percent of patient days in years one and two.

As of May 16, 2019, NFRMC had a scheduled annual LIP distribution total of $14,028, of which $7,014 had been requested or previously paid, YTD. NFRMC was also listed among facilities with a DSH Program. The applicant had a scheduled annual distribution of $805,669 of which $604,252 had been requested or previously paid, YTD.

F. SUMMARY

Both applicants are affiliated with HCA which operates 51 inpatient hospitals within Florida—11 of which offer CMR services (10 hospital-based CMR units and one Class III specialty hospital).

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) proposes to establish a 30-bed CMR unit on the existing hospital's campus in Hernando County.

The proposed site/hospital campus of the unit in Hernando County contains the following services and beds:

- 280 acute care beds
- Level 2 adult cardiovascular services
- Primary stroke center
- Adult open heart surgery

The total project cost is $16,251,000. The project cost includes building, equipment, project development, financing and start-up costs. The project involves 30,564 GSF of renovation construction.

The applicant anticipates issuance of the project's license on November 26, 2021 and initiation of service on December 26, 2021.

The applicant includes five schedule C conditions with the proposal.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) proposes to establish a 24-bed Class III CMR hospital in Alachua County as a separate premise of its existing hospital license at 4086 SW 41st Boulevard, Gainesville, Florida**.**

The existing acute facility in Alachua County contains the following services and beds:

- 387 acute care beds
- 37 adult psychiatric beds
- 12 Level II NICU beds
- CSC
- Level 2 adult cardiovascular services
- Adult open heart surgery

The total project cost is $35,663,824. The project cost includes land, building, equipment, project development, financing and start-up costs. The project involves 39,304 GSF of new construction.

The applicant anticipates issuance of the license for the proposed project in June 2021 and initiation of service on July 1, 2021.

NFRMC includes four Schedule C conditions with the proposal.

Need
In Volume 45, Number 13 of the Florida Administrative Register dated January 18, 2019, need for zero additional CMR beds was published in District 3 for the July 2024 planning horizon. Therefore, the proposed projects are submitted outside of the fixed need pool. There are currently 34 additional CMR beds approved in District 3.

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569)
The applicant contends that the proposed beds are needed for the following reasons:

- Forecasted rates of growth within its self-identified service area (Hernando and Citrus County), especially among those 65+ who are frequent users of CMR services.
- Citrus County has no CMR beds.
- OHH's status as an advanced primary stroke center.
- Documented difficulties encountered in placing significant numbers of referred patients into existing CMR beds due to capacity constraints, as well as unwillingness or inability of existing providers to accept all patients.
- The patient population is growing and aging.
- Existing CMR providers within the service area are highly utilized.
- Existing CMR providers are selective in which patients they will accept, often denying Medicaid and charity patients.
- OHH and CMH are unable to discharge sufficient patient volume to CMR.
- Encompass dominates the CMR market in the proposed self-identified service area—90 percent of Hernando and Citrus County CMR discharges. Lack of competition provides little impetus for improvements in quality and cost-effectiveness of services offered.
- OHH will enhance continuity of care by offering a full range of acute care support services. Encompass must often transport CMR patients which is costly and disruptive to continuity of care.
- As a participant in BCPI, OHH will be able to better manage the care of its BCPI patients within its own CMR unit, with greater control over readmissions from CMR and costly patient transports for ancillary services.

- OHH experiences a high-readmission rate and is unable to control the costs of patients currently discharged to existing CMR providers.
- Given the rapidly growing and aging population in the applicant's self-identified service area, the proposed project is not expected to have any meaningful adverse impact on existing CMR providers in District 3.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) asserts the following "not normal" circumstances for which approval of the proposed project is warranted:

- Consistently high utilization of UHRH's CMR beds
- UHRH's practice of giving preferential consideration to admission for its own patients
- The absence of a realistic competitive alternative to UHRH's CMR beds
- The consequent lack of choice afforded to managed care providers
- The imbalanced geographic distribution of CMR beds between northern District 3 and southern District 3
- The fact that CMR programs primarily serve patients from their home counties
- Lengthy delays in NFRMC being able to place patients in CMR beds
- Denials of or lengthy delays in placing Medicaid and other medically underserved patients in CMR beds
- Documentation of persons needing CMR services being diverted to SNFs at above-average rates
- The special need that the hospital has based on its designation as a comprehensive stroke center, coupled with the 2016 AHA/ASA adult stroke guidelines strongly recommending that immediately following their acute-care stay, stroke patients should preferentially receive rehabilitation treatment in the inpatient rehabilitation setting versus in a SNF
- The large population residing in the three subdistricts comprising the northern District 3 service area and forecasted rates of growth within that population—especially those persons 65+
- The geographic inaccessibility of CMR programs located in southern portions of District 3
- NFRMC's low percentage of acute care to CMR conversion compared to UF Health Shands, verifying NFRMC's historical problems placing its CMR eligible patients into UHRH

The Agency notes that within the context regards to existing availability and accessibility of CMR services, neither application takes into account that two new CMR units have been approved in District 3 by final order dated March 11, 2019—adding 24 new CMR beds at two new health systems (HCA and AdventHealth) which previously did not offer CMR

services within District 3 one to be located in Marion County and one to be located in Lake County. The Marion County approval was to West Marion Community Hospital, an HCA affiliate, which is located approximately 35 miles from NFRMC's proposed site and approximately 38 miles from NFRMC's existing campus.

The Agency indicates there is no rule preference for approval of CMR services for CSCs or primary stroke centers, only for designated trauma centers of the existing premise where the CMR beds will be located. With regards to NFRMC's contention regarding its CSC status, UHRH in conjunction with UF Health Shands which has a CSC, is equidistant to the proposed Class III CMR hospital and therefore no increase of accessibility or availability of CMR beds will be increased through the approval of CON application #10570.

With regards to the Medicaid and indigent population, neither applicant forecasts a significant population of these payers currently accessing CMR care now or into the future. In addition, with regards to NFRMC's contention that UHRH gives preferential consideration to admission of UHRH patients or that there are issues placing Medicaid or indigent patients at this facility was not demonstrated within CON application #10570.

The Agency notes that a public hearing was held regarding CON applications #10569 and #10570. Legal objections were raised during the course of the public hearing regarding the validity of testimony for CON application #10570 by counsel for NFRMC. In general, opposition (ESH and UHRH) noted the lack of need for either proposed project and lack of increased geographic accessibility to CMR beds that will be realized by the proposed projects. Opposition maintained that the proposed projects will actually decrease programmatic access to existing services by redistributing patients into multiple smaller programs—decreasing economies of scale and current volumes that allow for multiple programmatic and quality features.

Quality of Care

Both applicants demonstrated their ability to provide quality care.

HCA (parent) operates 51 acute care facilities within Florida. Thirty-seven of these facilities experienced 108 substantiated complaints across multiple complaint categories for the three-year period between March 1, 2016 and March 1, 2019. OHH had no substantiated complaints within this three-year period. NFRMC experienced two substantiated complaints within the three-year period above in the following categories: state licensure and fraud/false billing.

Cost/Financial 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. Therefore, neither applicant's proposed project is likely to have a material impact on completion to promote quality and cost-effectiveness.

Both proposed projects have funding for the entire capital budget that is available as needed. Both applications projections appear to be reasonable.

Medicaid/Indigent Care

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569) forecasts that self-pay/charity will account for 2.0 percent of total annual patient days in years one and two and Medicaid HMO will account for 4.3 percent of total annual patient days in years one and two.

The applicant conditions approval of the proposal to the minimum provision of 4.0 percent of total annual CMR discharges to patients covered by Medicaid/Medicaid managed care or to those who meet the criteria for charity care, self-pay/no pay combined.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570) forecasts that self-pay/charity care will account for 2.2 percent of patient days in years one and two. Medicaid/Medicaid HMO will account for 11.8 percent of patient days in years one and two.

The applicant conditions approval of the proposal to the minimum provision 10.0 percent of total annual CMR patient days to a combination of Medicaid, Medicaid HMO and self-pay/other (including charity patients).

Architectural Analysis

HCA Health Services of Florida, Inc. d/b/a Oak Hill Hospital (CON application #10569): 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.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10570): The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

G. RECOMMENDATION

Approve CON #10569 to establish a 30-bed CMR unit on the existing hospital's campus in District 3, Hernando County. The total project cost is $16,251,000. The project involves 30,564 of renovation construction.

CONDITIONS:

- **Percent of a particular subgroup to be served:**
  - OHH will provide a minimum of four percent of its annual CMR discharges to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care, self-pay/no pay, combined.
- **Accreditations**
  - OHH will apply for CARF accreditation for its CMR program in the first 12 months of operations
- **Certifications**
  - CRRN certification will be achieved for a minimum of 20 percent of OHH's rehabilitative nursing staff by year four of operation by the proposed CMR unit
- **Medical Director**
  - The medical director of the CMR program will be a board-certified or board-eligible physiatrist with at least two years of experience in the medical management of inpatients requiring rehabilitation services

- **Equipment**
  - OHH's CMR program will provide the following specialized equipment:
    - Unweighting System (Zero G, Vector, LiteGait, etc)
    - Crosstrainer
    - Total body exerciser
    - Integrated therapy system (Bioness BITS or equivalent)
    - Upper body and lower body functional electrical stimulators (Bioness or equivalent)
    - Bariatric capable electric exercise tables and parallel bars
    - Balance assessment/training system
    - Interactive metronome
    - Neuromuscular Electrical Stimulator and Biofeedback system for Dysphagia (Vital Stim, Synchrony or equivalent)
    - Computerized speech lab (VisiPitch or equivalent)
    - Wrist and upper extremity system (Saebo Flex, Reo Go or equivalent)
- **Available services:**
  - Therapy services will be available seven days a week

Deny CON #10570.

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