

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Catholic Hospice, Inc./CON #10660

14875 NW 77th Avenue, Suite 100
Miami Lakes, Florida 33014

Authorized Representative: Mr. Joseph Catania
President and CEO
(305) 822-2380

2. Service District/Subdistrict

Service Area (SA) 11 - Miami-Dade and Monroe Counties

B. PUBLIC HEARING

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

Letters of Support

Catholic Hospice provides six letters of support in CON application #10660. The reviewer notes that all but one of the support letters are in SA 11, Miami-Dade County with the sixth being a former Vice President of an area hospital that was recently transferred. These letters are from:

Don Steigman, EVP & COO - Jackson Health System

Michael Garrido, VP Mission Integration - Emory Saint Joseph Hospital

Jaime Gonzalez, Executive Director/Administrator -St. Catherine's West Rehabilitation Center & Villa Maria West Skilled Nursing Facility

Sandra Cabezas, Executive Director/Administrator - St. Anne's Nursing Center

Dr. Manuel P. Anton, III M.D.

C. PROJECT SUMMARY

Catholic Hospice, Inc. (CON application #10660), a Florida, faith-based, non-profit organization located in Miami, Florida, also referenced as the applicant, proposes to establish a 16-bed freestanding inpatient hospice facility in SA 11 (Miami-Dade County).

Catholic Hospice, Inc. is an existing provider of hospice services in SAs 10 (Broward County) and 11 and has a 13-bed freestanding inpatient hospice facility in Hialeah, Florida. The applicant is also proposing to establish another freestanding inpatient hospice facility in SA 10, Broward County, in this batch.

Catholic Hospice Inc. projects the facility to be licensed on April 1, 2023 and initiate service on May 1, 2023.

Total project cost is \$13,249,739. Projected costs include land, building, equipment, project development, financing, and start-up costs. The project involves 15,106 gross square feet (GSF) of new construction.

Catholic Hospice does not propose any conditions to the project's approval.

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, rules of the State of Florida, and Chapter 59C-1, 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 provided in the application and independent information gathered by the reviewer.

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

Section 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, Sarah Zimmerman, analyzed the application in its entirety with consultation from financial analyst Kimberly Noble of the Bureau of Central Services, who evaluated the financial data and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Or does the project proposed seek beds or services in excess of the fixed need pool? Rule 59C-1.008(2), Florida Administrative Code.

The Agency does not publish need for inpatient hospice beds. Hospice programs are required by federal and state law to provide hospice patients with inpatient care when needed (42 Code of Federal Regulations 418.108) and no more than 20 percent of a hospice's total patient days may be inpatient days per Section 400.609(4), Florida Statutes. Inpatient care may be provided through contractual arrangements in hospitals and skilled nursing facilities (SNFs) and is generally provided on a short-term basis within the total hospice stay.

As previously stated, Catholic Hospice, Inc. has a licensed 13-bed freestanding inpatient hospice facility in Hialeah, Miami-Dade in SA 11.

VITAS Healthcare Corporation of Florida has a 16-bed freestanding inpatient hospice facility which was licensed on January 4, 2021.

There are two CON approved inpatient hospice facilities with a total of 44 beds, yet to be licensed in SA 11

- OpusCare of Florida LLC, d/b/a Opus Care of South Florida (CON #10639), 13 beds
- Seasons Hospice & Palliative Care of Southern Florida, Inc. (CON #10612), 15 beds

b. If no Agency policy exists, the applicant will be responsible for demonstrating need through a needs assessment methodology, which must include, at a minimum, consideration of the following topics, except where they are inconsistent with the applicable statutory or rule criteria:

- **Population demographics and dynamics;**
- **Availability, utilization and quality of like services in the district, subdistrict or both;**
- **Medical treatment trends; and**
- **Market conditions.**

Population demographics and dynamics

Catholic Hospice, Inc. provides tables showing the 4.8 percent growth in Miami-Dade County, Monroe County and SA 11 from CY 2016 to CY 2020. The applicant also provides a table to show how the percentage increase in the elderly population greatly exceeds the total population growth. Catholic Hospice provides additional graphs and charts to provide visual depictions of the age 65+ and 75+ population growth and death rate increase in SA 11. Catholic Hospice emphasizes that the concentration of seniors near the proposed location demonstrate demand into the future for health services and end-of-life care.

Population Trends						
Miami-Dade and Monroe Counties/Hospice Service Area 11 and State of Florida						
CY 2016 - CY 2020						
	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	Percent Change
Miami-Dade Co.	2,732,910	2,751,489	2,787,838	2,823,660	2,864,600	4.8%
Monroe Co.	76,690	76,146	74,508	76,226	76,280	-0.5%
District XI	2,809,600	2,827,631	2,827,631	2,899,866	2,940,880	4.7%
% Change from Prior Year	--	0.6%	1.2%	1.3%	1.4%	
State of Florida	20,403,171	20,561,824	20,932,893	21,297,524	21,640,766	6.1%
% Change from Prior Year	--	0.8%	1.8%	1.7%	1.6%	--

Source: CON application #10660, Volume 1, Page 11 from Florida Agency for Health Care Administration Population Estimates 2015 to 2030, published September 2020 and NHA Analysis.

Population Trends Miami-Dade and Monroe Counties/Hospice Service Area 11 and State of Florida CY 2016 — CY 2020						
	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	Percent Change
Miami-Dade Co.	2,732,910	2,751,489	2,787,838	2,823,660	2,864,600	4.8%
Monroe Co.	76,690	76,146	74,508	76,226	76,280	-0.5%
Total	2,809,600	2,827,631	2,827,631	2,899,866	2,940,880	4.7%
Miami-Dade Co.	423,129	437,301	451,426	464,848	479,589	13.3%
Monroe Co.	16,356	16,861	16,990	17,877	18,384	12.4%
Age 65 and Older	439,485	454,162	468,416	482,725	497,973	13.3%
Miami-Dade Co	191,992	198,543	204,519	216,250	222,631	16.0%
Monroe Co.	5,511	5,878	6,125	6,626	6,903	25.3%
Age 75 and Older	197,503	204,421	210,644	222,876	229,534	16.2%
% Change Yr over Yr						
Total	--	0.6%	1.2%	1.3%	1.4%	--
Ages 65+	--	3.3%	3.1%	3.1%	3.2%	--
Ages75+	--	3.5%	3.0%	5.8%	3.0%	--

Source: CON application #10660, Volume I, Page 12, from Florida Agency for Health Care Administration *Population Estimates 2015 to 2030*, published September 2020 and NHA Analysis.

Catholic Hospice indicates there is a projected 8.3 percent increase in SA 11 death from CY 2019 to the July 2022 planning horizon.

Availability, utilization, and quality of like services

The applicant provides maps indicating the SA, noting that its existing and proposed freestanding inpatient hospice facilities are the only two available to residents in Northern Miami-Dade County; there are no facilities available for those residing in central or eastern Miami-Dade County. The applicant provides this supporting excerpt:

Dr. Manuel P. Anton, III M.D.

“... While Catholic Hospice houses two inpatient facilities within District 11... geographically, it is not possible nor convenient for patients and their families in other areas of Miami-Dade to access and experience hospice care at either of these facilities. Having an additional hospice house in Dade County would benefit so many others in need of this service...”

The applicant provides graphs and charts indicating the SA11 has had an approximate increase in hospice admissions of five percent during the past five years and additional supporting excerpts noting the need for an additional freestanding inpatient hospice in the service area.

Catholic Hospice Inc. contends that it can improve programmatic and geographic access for its hospice patients resulting in improved quality of care.

Medical treatment trends

Catholic Hospice Inc. notes the four levels of care for hospice services:

- Routine Home Care is general hospice services provided in the patient’s place of residence.
- Inpatient Respite Care which provides temporary relief for the primary care giver typically provided in a facility.
- Continuous Home Care which care is provided for a minimum of 8 hours up to 24 hours in a day to manage pain and other acute symptoms in a crisis episode in the patients place of residence.
- General Inpatient Care is care provided in an inpatient setting- hospices facility, hospital or nursing home for pain control and acute symptom management that cannot be provided in the patient’s place of residence.

The applicant contends that the proposed project offers a soothing, home-like environment with comfortable surroundings and more space for families to gather than in a hospital or nursing home setting and therefore, the project benefits residents requiring inpatient hospice care.

Market conditions

The applicant contends there are generally no alternatives to the establishment of the proposed Catholic Hospice Freestanding Inpatient Facility. Further, the Covid-19 pandemic impacted hospice care by limiting the number of beds available. Catholic Hospice Inc. argues that owning an operating its own hospice provides a positive net margin rather than a loss when it pays for scatter beds.

Projected Utilization

Catholic Hospice provides the following table to show its projected annual admissions, patient days and average daily census for the first two years of operation:

Catholic Hospice Service Area 11 Utilization Forecasted Admissions, Patent Days and Average Daily Census May 1, 2023 to April 30, 2025		
	Year One	Year Two
Admissions	1,530	1,632
Patient Days (without New Hospice Facility)	116,292	126,218
New/Proposed St. Andrews Hospice Facility Days	2,578	3,936
Total Patient Days	118,869	130,155
Average Daily Census, New Facility Only	7.1	10.8
Average Daily Census, Total	325.7	356.6

Source: CON application #10660, Volume I, Tab 2, Page 32.

Catholic Hospice Inc. contends that its forecasts are “reasonable and achievable and demonstrate a viable on-going concern”. The applicant states the proposed “Villa Wenski” facility will be located in east central Miami-Dade County, which enhance both geographic and programmatic access for its patients. Summaries of its letters of support are provided on the application’s pages 33-38.

The applicant provides excerpts of letters from healthcare professionals within the service area and notes that the letters in their entirety are found in Volume I, Tab Four of the application.

Mr. Steigman’s excerpt below is mirrored by the other responses:

*Don Steigman, Executive Vice President and Chief Operating Officer,
Jackson Health System*

“...The location of the hospice will be beneficial for our patients as it is within the primary service are of our main campus. It also provides an inpatient facility in centra; Miami-Dade County, where no such hospice house currently exists. A hospice house as will be implemented under Catholic Hospice’s direction and control will allow patients a more home-like comforting environment than that of using scatter beds in a hospital setting.”

2. Agency Rule Criteria and Preferences

- a. Rule 59C-1.0355 (7) Florida Administrative Code states that the Agency will not normally approve a proposal for construction of a freestanding inpatient hospice facility unless the applicant demonstrates that the freestanding facility will be more cost-efficient than contractual arrangements with existing hospitals or nursing homes in the service area. The application shall include the following:**

- (1) A description of any advantages that the hospice program will achieve by constructing and operating its own inpatient beds.**

The applicant states that Catholic Hospice at 3675 South Miami Avenue, Miami-Dade County will provide another location for its patients residing in east/central Miami-Dade County. Further, this location is geographically disparate from Catholic Hospices’ other two inpatient units in Miami-Dade County, and will enable it to geographically enhance accessibility for its patients as the facility will be located in Coconut Grove. Catholic Hospice

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contends that the project will enhance access culturally as more than one half of Catholic Hospice's admissions are for Roman Catholic persons.

Catholic Hospice concludes that the project "will be a programmatic, geographic and cultural (religious) advantage to its operations, its patients and families and the community at large". Other advantages the project will provide include:

- Large private suites with serene views of nature.
- Homelike environment as a single-story building with appropriate finishes
- Family lounge, kitchen airy, and outdoor gathering spaces
- Children's playroom
- L'Chaim Jewish Hospice- supported by Rabbi services, staff trained by NIJH
- Music Therapy offerings
- Room service meal offerings
- On site automatic dispensing pharmacy (Omnnicell) available for rapid pain control
- Isolation rooms for infection containment
- Catholic Rites- Priest visitations
- Chapel
- Veteran Salutes
- In room family accommodations
- Children's bereavement support- link to Camp Erin twice yearly
- Support groups on site
 - Pet loss
 - Breast Cancer
 - Spanish Speakers

The current Medicare reimbursement per diem rate is \$1,005. Catholic Hospice contends that an estimated average per diem direct costs of care (without any overhead) paid to the host hospital with the patient in the hospital, it incurred when the patient is in the hospital total on average \$1,146 to \$1,190 per day. With the Medicare reimbursement of \$1,005 there is an average loss per day of \$141 to \$185.

Catholic Hospice concludes that the freestanding facility will cost less to operate than servicing scatter beds, making excellent use of its financial resources. The applicant argues that the inpatient hospice facility per diem cost equates to \$892 in year two of operations, providing a financial advantage.

(2) Existing contractual arrangements for inpatient care at hospitals and nursing homes.

Catholic Hospice states that it contracts for inpatient care with most area hospitals and maintains contracts with several nursing homes which also provide respite care. The applicant lists 22 SA hospitals and 39 of the 54 Miami-Dade nursing homes it has inpatient agreements with. Catholic Hospice states that 72 percent of its census reside in their private residences including ALFs. Further, these patients currently have access barriers and will benefit with this more intensive service being provided in its inpatient facility.

Catholic Hospice contends that the delivery of services to patients in this new environment, the first such development in the hospice service area, will provide:

- Licensed inpatient beds in a dedicated program to meet the needs of patients whose needs cannot be met at home.
- An alternative to scatter beds in the hospitals to enhance quality of service delivery.
- Programmatically, an additional access point for inpatient services not currently available in the service area.
- Quality enhancement through the provision of dedicated staff, spiritual counseling, enhanced access, and unlimited patient family interaction.
- Geographically, an additional access point for patients residing in eastern and central portions of Miami-Dade County.
- Culturally, an additional access point for persons selecting Catholic Hospice due to it being a faith based organization.

(3) Anticipated sources of funds for the construction.

Catholic Hospice Inc. explains that the sources of funds for the construction on this project, as the land is already owned by the applicant, come from cash on hand. The applicant refers to the letter of funding commitment from Mr. Catania, noting that the availability of this resources is identified on Schedules 2 and 3 and evidenced by its balance sheet in its financial statements in the application's Tab III.

- b. Rule 59-1.0355(8) Florida Administrative Code: Semi-Annual Utilization Reports. Each hospice program shall report utilization information to the Agency or its designee on or before July 20th of each year and January 20th of the following year.**

The applicant indicates that it will comply with all reporting requirements as it does for its licensed hospice program. Catholic Hospice maintains it will submit information related to its inpatient hospice facility to AHCA or its designee by July 20 and January 20 of each year as required and will also continue to provide data on the number of patients receiving hospice care by location (home, ALF, hospice residence, nursing home or hospital) for the required semi-annual and annual time periods. The applicant states it is in conformance with this rule criteria.

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), (2) and (5), Florida Statutes.**

As stated previously, there are two licensed inpatient hospice facilities in SA 11, Catholic's Hialeah and VITAS's recently licensed facility. The applicant provides a map on page 51 showing the existing hospital-based unit, its proposed location and those of the other approved but not licensed facilities. A chart on page 53, supports its claim that hospice admissions have increased over the past five years by approximately five percent are included. Catholic Hospice Inc. provides the most recent (2019) utilization of hospice units by location and a map of existing and proposed units to support the need for the SA to have a freestanding inpatient facility that is both equipped and geographically accessible.

The applicant reiterates that enabling Catholic Hospice to construct its freestanding inpatient hospice facility east central Miami-Dade County will result in improved programmatic and geographic access for all of its hospice patients resulting in improved quality of care.

- 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.**

Catholic Hospice repeats that throughout this application, the implementation of this freestanding inpatient hospice facility in east central Miami-Dade County will result in improved programmatic and geographic access for all of its hospice patients resulting in improved quality of care.

Catholic Hospice notes that it has been operational in SA 11 since 1988 in SA 10 since CY 2008. The applicant notes that its leadership is widely recognized in the industry and achieves the highest HIS scores available from the Medicare program.

Catholic Hospice Inc. has a QAPI program that includes processes for collecting, measuring, analyzing, and tracking relevant data including data related to patient care, adverse patient events, and other aspects of performance. The applicant states performance improvement activities focus on high-risk, high-volume or problem-prone areas that affect palliative care outcomes, patient safety and quality of care with a consideration of incidence, prevalence and severity of problems in those areas. Further, these activities track adverse patient events, analyzes their causes and implement preventative actions and mechanisms.

The QAPI program includes:

- evidence that demonstrates the operation of the hospices QAPI program
- all performance improvements of projects being conducted
- reasons for conducting each project
- measurable progress achieved during poor performance improvement projects and
- outcome of each performance improvement project

The applicant's QAPI committee includes representatives from all disciplines, directs and assets in the management of ongoing quality assessment and performance improvement activities through regularly scheduled meetings. All hospice employees are accountable and responsible for the quality of care and services within their respective departments and are expected to participate in the hospices QAPI program. The Director of Clinical Care ensures that overall implementation of the program and regular reports activities and findings to the Executive Director who reports to the Board of Directors.

Catholic Hospice Inc. offers narrative descriptions of the following related QAPI programs that will positively impact quality of care (pages 46-52 of this application):

- QAPI Patient Health Care Information
- Confidentiality of Health Care Information
- QAPI Complain Resolution
- QAPI Adverse Events
- QAPI Auditing and Monitoring
- QAPI Program Data
- QAPI Activities and Projects

In summary, Catholic Hospice Inc. concludes that these policies include but are not limited to interdisciplinary team policies, admission policies, bereavement policies, admission forms in five languages (English, Spanish, Russian, Portuguese and Creole), infection control policies, financial assistance policies, hospice enrollment forms in four languages (English, Spanish, Russian, Portuguese) and organizational chart.

Catholic Hospice provides the following table to compare its assessment in HIS to the national average:

HIS Comprehensive Assessment Measures Catholic Hospice vs National Averages March 2021	Catholic Hospice	National Average
Patients who got an assessment of all seven HIS quality measures at the beginning of hospice care to meet the HIS Comprehensive Assessment Measure requirements.	99.6%	88.7%
Patients or caregivers who or asked about the treatment preferences like hospitalization and resuscitation at the beginning of hospice care.	100.0%	99.3%
Patients or caregivers who were asked about their beliefs and values at the beginning of hospice care. Higher percentages are better.	100.0%	97.6%
Patients who were checked for pain at the beginning of hospice care.	99.7%	97.1%
Patients who got a timely and thorough pain assessment when pain was identified as a problem.	99.7%	92.6%
Patients who were checked for shortness of breath at the beginning of the hospice care.	100.0%	98.6%
Patients who got timely treatment for shortness of breath.	100.0%	96.8%
Patients who took patients taking opioid medications who were offered care for constipation.	100.0%	94.4%

Source: CON application #10660 Volume I, Tab 2, Page 65

The applicant cites its accreditations, awards and educational affiliations noting the recognition and documentation is in the supporting documents of this application.

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 benchmarks 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.

Below is an analysis of the audited financial statements for the applicant, where the short term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

10660 Catholic Hospice, Inc., and Subsidiary		
	Sep-19	Sep-20
Current Assets	\$24,361,784	\$31,071,680
Total Assets	\$25,011,041	\$31,928,383
Current Liabilities	\$5,052,256	\$6,749,861
Total Liabilities	\$5,052,256	\$6,749,861
Net Assets	\$19,958,785	\$25,178,522
Total Revenues	\$45,627,279	\$56,383,367
Excess of Revenues Over Expenses	(\$1,680,432)	\$4,594,650
Cash Flow from Operations	(\$3,113,894)	\$7,008,306
Short-Term Analysis		
Current Ratio (CA/CL)	4.8	4.6
Cash Flow to Current Liabilities (CFO/CL)	-61.63%	103.83%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	0.0%	0.0%
Total Margin (ER/TR)	-3.68%	8.15%
Measure of Available Funding		
Working Capital	\$19,309,528	\$24,321,819

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:

On Schedule 2, the applicant indicates capital projects totaling \$24,431,981, which is this CON currently under review, CON 656, capital equipment and renovations. The applicant indicates on Schedule 3 of its application that funding for the project will be by cash on hand of \$9,780,739. The land, valued at \$3,469,000 is owned by the sole member, the Archdiocese of Miami.

Conclusion:

With cash and cash equivalents totaling \$26,023,573 funding should be available as needed for this project but funding for the entire capital budget is in question.

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

The immediate and long-term financial feasibility of the project is tied to expected profitability. Profitability for hospice is driven by two factors, volume of patients and length of stay/condition of the patient. A new hospice program in a service area with published need is more likely than not to be financially feasible since patient volume and mix is presumed to be available in sufficient amounts to sustain a new program. The focus of our review will be on the reasonableness of projections, specifically the revenue.

The vast majority of hospice days are paid by Medicare (Medicaid is the next largest payer with similar reimbursement rates). As such, revenue is predictable by day and service type. Schedule 7 includes revenue by service type. We have divided the applicant's projected revenues by the estimated Medicare reimbursement rates for each level of service in year two to estimate the total patient days that would be generated by that level of revenue. The results were then compared to the applicant's estimated number of patient days. Calculated patient days that approximate the applicant's projected patient days are considered reasonable and support the applicant's assumptions of feasibility. Calculated patient days that vary widely from the applicant's projected patient days call into question the applicant's profitability assumptions and feasibility. The results of the calculations are summarized below.

CON 10660	Catholic Hospice, Inc.				
Miami-Dade	Wage Component	Wage Index	Adjusted Wage Amount	Unadjusted Component	Payment Rate
Base Rate Calculation					
Routine Home Care 1-60 days	\$133.81	0.9489	\$126.97	\$60.94	\$187.91
Routine Home Care 61+ days	\$105.76	0.9489	\$100.36	\$48.16	\$148.52
Continuous Home Care	\$959.31	0.9489	\$910.29	\$436.86	\$1,347.15
Inpatient Respite	\$256.46	0.9489	\$243.35	\$217.33	\$460.68
General Inpatient	\$653.70	0.9489	\$620.30	\$367.55	\$987.85
Year Two Comparison					
Year Two Comparison	Inflation Factor Year Two	Inflation Adjusted Payment Rate	Schedule 7 Revenue Year Two	Continuous Service Hours Provided	Calculated Patient Days
Routine Home Care 1-60 days	1.128	\$211.97	\$55,117		260
Routine Home Care 61+ days	1.128	\$167.53	\$0		0
Continuous Home Care	1.128	\$1,519.58	\$0	24	0
Inpatient Respite	1.128	\$519.65	\$18,977		37
General Inpatient	1.128	\$1,114.29	\$3,934,545		3,531
Total			\$4,008,639		3,828
			Days from Schedule 7		3,936
			Difference		108
			Percentage Difference		2.76%

As such, the applicant’s projected patient days are 2.76 percent or 108 days greater than the number of patient days calculated by staff. Operating profits from this project are expected to increase from \$43,629 in year one to a net gain of \$359,218 in year two.

Conclusion:

This project appears to be financially feasible, however patient days and thus revenues may be overstated.

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

Strictly, from a financial perspective, the type of price-based competition that would result in increased efficiencies, service, and quality is limited in health care in general and in hospice specifically. 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. Since Medicare and Medicaid are the primary payers in hospice, price-based competition is almost non-existent. With the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited.

Conclusion:

Strictly, from a financial perspective, this project will not have a material impact on price-based competition.

- 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-4, Florida Administrative Code**

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

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

- 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.**

Hospice programs are required by federal and state law to provide hospice patients with inpatient care when needed (42 Code of Federal Regulations 418.108). Hospice care also must be provided regardless of ability to pay and regardless of age, race, religion, sexual orientation, diagnosis, payer source or financial status. Therefore, a condition on the volume of Medicaid/charity care participation would not be appropriate.

Catholic Hospice cites its history of providing services to Medicaid and medically indigent patients. Data was provided which indicated the applicant provided an average of 4.6 percent of its total CY 2018-CY 2020 patient days to Medicaid and medically indigent patients.

Catholic Hospice projects 2.8 percent of total patient days in years one (72 days) and two (110 days) will be Medicaid and medically indigent (self-pay in Schedule 7A) to be 1.9 percent (49 and 75 days in years one and two) of the project's annual totals in both years.

F. SUMMARY

Catholic Hospice, Inc. (CON application #10660), a Florida, faith-based, non-profit organization, proposes to establish a 16-bed freestanding inpatient hospice facility in SA 11 (Miami-Dade County).

Total project cost is \$13,249,739. Costs covered are for land, building, equipment, project development, financing and start-up costs. The project involves 15,106 GSF of new construction.

The applicant anticipates the opening date of the facility to be May 2023.

Catholic Hospice does not propose conditions to the proposed project.

Need/Access:

The Agency does not publish need for inpatient hospice beds. Catholic Hospice operates the SA's existing 13-bed facility and there are three CON approved freestanding inpatient hospice facilities (44 total beds) pending licensure.

The Agency finds that the applicant, on balance, met the statutory and rule requirements to approve a new inpatient hospice facility including information regarding how the proposed project will be more cost-efficient than contractual arrangements with existing facilities in Hospice Service Area 11.

Quality of Care:

- Catholic Hospice has licensed hospice programs in SA's 10 and 11
- The applicant provided a detailed discussion of its ability to provide quality care
- Agency records indicate that during the three-year period ending April 23, 2021, Catholic Hospice, Inc. had one substantiated complaint

Financial Feasibility/Availability of Funds:

- With cash and cash equivalents totaling \$26,023,573 funding should be available as needed for this project but funding for the entire capital budget is in question.
- This project appears to be financially feasible, however patient days and thus revenues may be overstated.

Medicaid/Indigent/Charity Care:

- Hospice programs are required by law to provide services to all who seek them.
- The applicant indicates that Medicaid for 2.8 percent of total annual patient days in both years one and two. Care to the medically indigent is projected to be 1.9 percent of the project's total annual patient days in both years.

Architectural:

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria.

A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have significant impact on either construction costs or the proposed completion schedule.

The project cost and project completion forecast appear to be reasonable.

G. RECOMMENDATION

Approve CON #10660 to establish a 16-bed freestanding inpatient hospice facility in Service Area 11. The total project cost is \$13,249,739. The project involves 15,106 GSF of new construction.

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: _____

James B. McLemore
Operations and Management Consultant Manager
Certificate of Need