STATE AGENCY ACTION REPORT

ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

The Nemours Foundation
d/b/a Nemours Children's Hospital/CON #10167
13535 Nemours Parkway
Orlando, Florida 32827

Authorized Representative: Mr. Roger Oxendale
Chief Executive Officer
(407) 567-4000

Rockledge HMA, LLC
d/b/a Wuesthoff Medical Center-Rockledge/CON #10168
110 Longwood Avenue
Rockledge, Florida 32955

Authorized Representative: Mr. Tim Cerullo
Chief Executive Officer
(321) 636-2211

Osceola Regional Hospital, Inc.
d/b/a Osceola Regional Medical Center/CON #10169
700 West Oak Street
Kissimmee, Florida 34741

Authorized Representative: Ms. Kathryn Gillette
Chief Executive Officer
(407) 567-4000

2. Service District/Subdistrict

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

B. PUBLIC HEARING

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

Letters of Support

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) includes 12 letters of support in the application (CON application #10167, Attachment 4, Letters of Support) and the Agency received directly three letters of support, resulting in a total of 15 unduplicated support letters. All 15 support letters are signed, 14 are dated between August 19 and October 8, 2012 (one was not dated), 11 have a District 7 address and 11 are from physicians (four are from non-physicians). Of the 11 physician support letters, five are from Nemours Children's Hospital's senior executive staff physicians and of the remaining six physician support letters, three are from District 11 (in the Larkin Community Hospital Graduate Medical Education Residency Program). Of the 11 physician support letters, this leaves three physician support letters from District 7, non-applicant-affiliated physicians. Below is a brief description of some of these 15 unduplicated support letters.

Christopher Gegg, MD, FAANS, FACS and Katrina Lesher, MD, affiliated with Arnold Palmer Hospital for Children, support the project. Both these physicians indicate, "a number" of their patients could benefit from the project and also state that pediatric comprehensive inpatient medical rehabilitation services are not available in the Central Florida area. They also indicate if the project is approved, they anticipate referring patients to the program.

William Knappenberger, MD, Children's Medical Services (CMS) Assistant Regional Medical Director and CMS Viera Medical Director, Florida Department of Health, supports the project and states that if a child in the area needed inpatient rehabilitation services, such a child would most likely be sent out of the area or out of state. Dr. Knappenberger also states he knows from personal experiences with the applicant that they are focused on pediatric care and will work collaboratively with local organizations.

Thom Delilah, Program Director, Brain and Spinal Cord Injury Program, Florida Department of Health, supports the project. Similar to Dr. Knappenberger, Mr. Delilah states that children in the Central Florida area that need CMR services must be transferred out of the area or out of state. Mr. Delilah also indicates that per his program's Central Registry, 212 traumatic brain and spinal cord injury patients (under the

age of 18) were recorded in the applicant's catchment area, between 2009 and 2011.

Mary Grimmer, LCSW, Program Coordinator, The Howard Phillips Center for Children and Families of Arnold Palmer Hospital for Children, supports the project. Ms. Grimmer states she had experience with the applicant's "compassionate care and friendly collaboration" and that the applicant accepts all patients regardless of their financial circumstances.

Two support letters are from area family members whose loved one needed pediatric comprehensive inpatient medical rehabilitative services that they stated required them to leave the District 7 area and live out of the area for weeks/months at a time. They also described other challenges associated with long-distance travel and living arrangements when such care is needed and that the project might have prevented these formidable obstacles.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) includes a total of 17 unduplicated letters of support in the application (CON application #10168, Vol. 1, Tab 4). All 17 support letters are signed, dated between September 27 and October 3, 2012 and have a District 7/Brevard County address. Of the 17 support letters, 15 are from area physicians (no indication of direct applicant affiliation such as direct applicant staff physicians), one is from the applicant's current senior executive staff and one is from a former chair of the board of Wuesthoff Health Systems (WHS). Below is a brief description of some of these 17 unduplicated support letters.

The 15-physician support letters are generally of a form letter variety. In summary, many of these support letters indicate these physicians are familiar with the health care infrastructure of Brevard County, that the residents in central and northern Brevard County are currently underserved regarding inpatient rehabilitation services and that the project would allow WHS affiliated physicians the ability to closely monitor their patients' care and promote better continuity of care.

Julie Anderson, Executive Director, Wuesthoff Progressive Care Center, WHS, states that there is an average daily census (ADC) of 63 patients at her 114-bed facility. Ms. Anderson estimates that 80 percent of these patients are in the "ultra high rehab category" with a significant portion of these being post stroke and hip fracture patients. She also estimates that of her 63 ADC, between five and 10 of these could be appropriately and more aggressively treated by inpatient rehab services as proposed in the project.

William Bancroft, Past Chairman of the Board, WHS, states that since emphasis is now being placed on cost-effective recovery, he requests the project be considered so that these services would be made available to WHS's patients and the community.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) includes a total of 11 unduplicated letters of support in the application (CON application #10169, Vol. 2, Tab 3). Of these 11 support letters two are from local elected officials and one is from a former local elected official. All 11 support letters are signed, 10 are dated between September 20 and September 28, 2012 (one was not dated), 11 have a District 7/Osceola County address and four are from physicians. Of the four physician support letters, all practice at or have privileges at Osceola Regional Medical Center. Below is a brief description of some of these 11 unduplicated support letters.

The Honorable Jim Swan, Mayor, City of Kissimmee and the Honorable Robert Hansell, Osceola County Sheriff, both stated in their support letters that the project would be a convenient and well located alternative to other rehabilitation facilities in the county. They also state a hospital setting would ensure that all medical needs would be met immediately if any problems arose during rehabilitation. Belinda Kirkegard, MPA, Economic Development Director, City of Kissimmee and Twis Lizasuain, Public & Media Relations Director, Osceola County Sheriff's Office, both state in their support letters that the current situation is a hardship for many in the community, especially the elderly, due to the need to travel out of the county to receive needed services.

Hunaldo Villalobos, MD, President, Central Florida Neurosurgery Institute indicates in his support letter that due to the current situation, patients frequently choose to bypass the aggressive rehabilitation treatment required to enhance their medical treatment, often leading to deterioration and a decreased functional condition. Michael Karr, MD, orthopedic surgeon, Orthopedic Associates of Osceola, indicates in his support letter that over the last 28 years he has noticed the exponential growth of the population in Kissimmee. Dr. Karr reports the current situation places hardships on the elderly population in terms of distance required to achieve needed care and that the project would promote continuity of care with the patient's own physicians. Miriam Esat, MD, infectious disease specialist, Orlando Infectious Disease Consultancy Services, P.L., states in her support letter that since 2004 she has cared for 25-30 patients almost every day at Osceola Regional Medical Center and has witnessed, on a weekly basis, patients being transferred to other facilities in Orange or Hillsborough Counties. Per Dr. Esat, this places a hardship on patients and their families. Further, Dr. Esat reports the physical transition in the current situation has an impact on mortality

risk where quick recovery is unrealistic. In summary, these physicians believe the project, if approved, would alleviate the challenges they describe.

Erik Barquist, MD, FACS, Trauma Medical Director, Osceola Regional Medical Center, states in his support letter that he previously worked within Miami's Jackson Health System and that he has worked at non-Florida trauma centers over the past 23 years. Dr. Barquist stresses the value and better outcomes of rehabilitation services within the trauma center of initial treatment. He also states that the applicant will become a Level II Trauma Center. (The reviewer notes that while Dr. Barquist does not offer an estimated date of trauma center designation, the applicant states it made an application on March 30, 2012 to the Florida Department of Health's Office of Trauma for provisional Level II Trauma Center designation. The applicant expects designation and initiation of trauma services on or before October 1, 2013).

Patsye Stanley, RHIT, CSTR, CAISS, Trauma Registry Specialist, Osceola Regional Medical Center (for the past six weeks), states that based on her experience at both Level I and Level II trauma facilities and a burn center, in-hospital rehabilitation, as proposed by the applicant, optimizes recovery and reduces stress and time spent in the hospital.

Wendy Farrell, Vice President, Poinciana Economic Development Alliance, comments in her support letter about job creation and economic benefit to the community, should the project be approved.

Atlee Mercer, Director, Micro Key Solutions, states he has worked as Chairman of the Osceola County Expressway Authority and in the past two decades has served as an Osceola County Commissioner, Chairman of the Kissimmee/Osceola Chamber of Commerce, Chairman of LYNX (Central Florida Regional Transit Authority), Chairman of Work Force Central Florida and "on dozens of other boards and committees within Osceola County and throughout Central Florida". Mr. Mercer states that the project is needed, "to serve our rapidly growing population with a high quality care option that would be closer to home".

Letters of Opposition

On behalf of HealthSouth Sea Pines Rehabilitation Hospital (HealthSouth), R. Terry Rigsby of Pennington, Moore, Wilkinson, Bell & Dunbar, P.A., Attorneys at Law, timely submitted a 15-page letter of opposition regarding **CON application #10168**. Per Mr. Rigsby, the proposed site is approximately 21 miles from his client's location. Mr. Rigsby also states that it appears the applicant's project is based, "more on a last minute high-level corporate decision than on the needs of

the residents of the individual medical markets" where HMA's CMR projects are proposed (including **CON application #10168**). Mr. Rigsby offers the following six major reasons for the opposition and they are summarized below.

- CMR is a "tertiary" health service and should be provided in a limited number of facilities in a given medical market. There is no health planning reason to fragment CMR services in Brevard County between two or more providers.

Mr. Rigsby reports that Brevard County is its own medical market, that of the seven acute care hospitals in Brevard County, all seven are accredited by The Joint Commission and that his client is accredited by The Joint Commission, with advanced certification in stroke rehabilitation. He also states his client's location is less than an hour's drive from all five of Brevard County's acute care hospitals.

- HealthSouth is meeting the needs of the medical market for CMR services as demonstrated by high discharge ratios, patient outcome, and quality of staffing and services.

- HealthSouth is operating at about 56 percent occupancy of its 90 beds, and the occupancy level has been relatively constant for several years. The Agency need formula does not show a numeric need whether applied at the district or county level. The need methodology HealthSouth has relied upon in recent Florida applications shows no need for any additional CMR beds in Brevard County. The addition of CMR beds would be an unnecessary duplication of services already available in the county.

Mr. Rigsby reports that for the last five years (ending December 31, 2011), his client's occupancy rate ranged from a high of 56.35 percent in CY 2011 to a low of 46.98 percent in CY 2007. (The reviewer notes that according to the *Florida Hospital Bed Need Projections & Service Utilization by District* publication, for each of the five years, HealthSouth's lowest occupancy rate was 46.49 percent in CY 2007). Per Mr. Rigsby, while inpatient rehabilitation has grown "modestly" since 2007, these rates are, "nowhere near the 80 percent threshold necessary to justify additional CMR beds in Brevard County". Mr. Rigsby concludes the project would take patients from his client and would not be justified by growth in total demand in CMR services.

- There are no special circumstances, such as geographic access, financial access, or special services that will justify approval of this application.

Mr. Rigsby reports the project would provide no special services that are not already provided at HealthSouth and also that there is no significant possibility of price competition through the project, with approximately 82.5 percent of HealthSouth's admissions having been funded by Medicare or Medicaid.

- CMR hospital units in general are more costly and less effective than HealthSouth CMR hospitals, as measured by cost per discharge and change in functional independence measure (FIM®) scores.

Mr. Rigsby states that per a March 2012 *MedPac Report to Congress: Medicare Payment Policy*, inpatient rehabilitation facilities (IRFs), referenced as a CMR unit within a hospital, have higher direct and indirect costs than CMR hospitals[1]. Again, per Mr. Rigsby, HealthSouth patients at discharge have higher FIM® score outcomes and better length of stay efficiency, when compared to expected FIM® score measures.

- Approval of the project will reduce the census at HealthSouth and thus have an adverse impact.

Mr. Rigsby indicates that his client and the applicant share the same medical market and that project approval would reduce the volume and efficiency of HealthSouth Sea Pines. Per Mr. Rigsby, if the project is approved, HMA would be creating its own market, and Brevard County residents (when medically appropriate for CMR services) would be sent to HMA's own CMR, "regardless of what is best for the patient".

C. PROJECT SUMMARY

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167), also referenced as NCH, proposes to establish a nine-bed pediatric inpatient comprehensive medical rehabilitation (CMR) unit at its Class II Hospital that is projected to open in October 2012. The applicant has CON #9979, approved to establish an 82-bed Class II acute care hospital, CON #9978, to establish a five-bed Level II neonatal intensive care unit (NICU), and CON #9980, to establish an eight-bed

[1] The reviewer notes the March 2012 *Medpac Report to the Congress: Medicare Payment Policy*, Chapter 9, page #249, Table 9-14, found at http://www.medpac.gov/documents/Mar12_EntireReport.pdf.

Level III NICU, in Orange County, Florida. Nemours also has Exemption #120009 issued on August 3, 2012 to establish a 10-bed child/adolescent inpatient psychiatric unit. Nemours Children's Hospital was licensed with 82 acute care, five Level II NICU and eight Level III NICU beds effective October 11, 2012. The applicant anticipates the CMR project will become operational in January 2015,

The applicant poses the following six reasons as "not normal circumstances" to warrant project approval.

- Florida has no other inpatient pediatric rehabilitation program located in a designated specialty pediatric hospital that is part of an integrated delivery system such as NCH offers. This integration permits patients to move seamlessly from physician's office to outpatient services to inpatient care to home-based services.
- There are no providers of inpatient pediatric CMR services in the entire central Florida region, including Districts 7, 3, 5 and 6. As such, patients in this area that could benefit from CMR services either go without such care or must travel to distant programs. As a result, the use rate for pediatric CMR services in the proposed service area is much lower than the statewide average and is a small fraction of the use rate in districts where there is a pediatric CMR program.
- NCH will develop state-of-the-art facilities and innovative clinical pathways for the care of pediatric rehabilitation patients.
- NCH will bring new opportunities for research in pediatric rehabilitation.
- The Nemours Foundation operates a regional network of clinics in Florida, with primary locations in Pensacola, Jacksonville, and Orlando that will operate in partnership with NCH for the appropriate referral of patients in northern Florida for pediatric rehabilitation care.
- NCH will reduce the out-migration of inpatient pediatric rehabilitation patients from the Orlando area and more importantly serve pediatric patients in the CMR unit who otherwise would not have benefited from inpatient rehabilitation services.

The applicant proposes the following conditions on Schedule C upon approval of the proposed project:

1. Specific Location: The proposed pediatric CMR unit will be located within Nemours Children's Hospital, which is located at 13535 Nemours Parkway, Orlando, Florida 32827.

2. Population Subgroup: NCH will condition approval of this application on the provision of at least 40 percent of patient days annually to Medicaid, Medicaid HMO and charity patients. This condition will be measured by an annual report to AHCA each year.

3. Other: NCH will condition approval of this application on seeking CARF specialty pediatric accreditation by the end of the first year of operation of the proposed pediatric CMR unit.

NOTE: Section 408.043 (4), Florida Statutes, prohibits accreditation by any private organization as a requirement for the issuance or maintenance of a certificate of need (CON), so CARF accreditation (condition #3) will not be cited as a condition to approval. Should the project be approved, the applicant's proposed conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code. Already mandated reporting requirements are not additionally conditioned upon a CON.

The total project cost is estimated at $586,053. The project involves 288 gross square feet (GSF) of renovation with no new construction, at a renovation cost of $85,196. Project costs include: building, equipment, project development and start-up costs.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168), referenced as Wuesthoff Rockledge, a wholly owned subsidiary of Health Management Associates, Inc. (HMA), the parent, a sister hospital within Wuesthoff Health System (WHS), proposes to establish a 15-bed inpatient comprehensive medical rehabilitation (CMR) unit on the campus of Wuesthoff Medical Center-Rockledge, in Brevard County, Florida.

Wuesthoff Medical Center-Rockledge is a 298-bed for-profit Class I acute care hospital, with 264 acute care beds, 10 Level II NICU beds and 24 adult psychiatric beds. Non-CON regulated services at the facility include Level II adult cardiovascular services and designation as a primary stroke center.

The applicant poses the following seven reasons as "not normal" and "special circumstances" to warrant project approval.

- CMR beds are geographically inaccessible to residents of the Wuesthoff Rockledge service area with zero beds within the defined service area and the closest CMR beds between 35 and 40 miles to the south.
- The only existing CMR provider in Brevard County is a joint venture partner with the Health First system, thus creating a programmatic accessibility issue that hinders the continuity of care. Health First and WHS have separate medical staffs, so Wuesthoff Rockledge physicians cannot follow their patients to the Health First/HealthSouth partner facility.
- There are abnormally low discharge use rates for CMR services in District 7 and in the Wuesthoff Rockledge service area compared to the state average.
- There is a large percentage of elderly population in the Wuesthoff Rockledge service area compared to the state average.
- There is a gap in WHS's continuity of care which is otherwise complete – acute care beds, skilled nursing, assisted living, home health, medical equipment and outpatient rehabilitation. In light of the Patient Protection and Affordable Care Act, the applicant must position itself for the future where WHS will be able to offer a full array of services to compete effectively in providing quality services.
- Wuesthoff Rockledge is able to fully support a CMR program based on its own internal volume of rehab appropriate patients.
- There are zero existing acute care hospital based CMR programs in Brevard County.

The applicant proposes the following conditions on Schedule C upon approval of the proposed project:

1. Wuesthoff Rockledge will provide nine percent of its patient days to a combination of Medicaid, Medicaid HMO and charity care (including self-pay) patients. This will be measured by submittal of utilization data by payer to AHCA.

2. Wuesthoff Rockledge will offer a comprehensive outpatient rehabilitation program for all patients discharged from the CMR unit at the hospital. This will be measured via a signed affidavit by the applicant and submitted to AHCA.

3. Wuesthoff Rockledge will maintain its Joint Commission accreditation. This will be measured by submitting its Joint Commission accreditation certificate to AHCA.

4. Wuesthoff Rockledge will maintain its Joint Commission accreditation as a designated primary stroke center. This will be

measured by submitting its Joint Commission accreditation certificate to AHCA.

5. Wuesthoff Rockledge will seek Joint Commission accreditation as a designated stroke rehabilitation center. This will be measured by submitting its Joint Commission accreditation certificate to AHCA.

6. The medical director of the CMR unit will be a board-certified or board-eligible physiatrist with at least two years of experience in the medical management of all inpatients requiring rehabilitation services. This will be measured by submitting a copy of the medical director's board certification and/or credentials indicating eligibility.

7. Therapy services will be readily available to all CMR patients seven days a week. This will be measured via a signed affidavit by the applicant and submitted to AHCA.

8. Patients will be evaluated and admitted to the CMR unit seven days a week. This will be measured via a signed affidavit by the applicant and submitted to AHCA.

9. The CMR program at Wuesthoff Rockledge will have an activities of daily living (ADL) suite for occupational therapy. This will be measured by submittal of schematic drawings to AHCA and via a signed affidavit by the applicant.

NOTE: Section 408.043 (4), Florida Statutes, prohibits accreditation by any private organization as a requirement for the issuance or maintenance of a certificate of need, so Joint Commission accreditation (condition #s 3, 4 and 5) will not be cited as conditions to approval. In condition #6, the CMR unit's medical director is required by administrative rule and as such does not require a report. Should the project be approved, the applicant's proposed conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code.

The total project cost is estimated at $1,844,319. The project involves 9,400 (GSF) of renovation with no new construction, at a renovation cost of $1,128,610. Project costs include: building, equipment, project development and start-up costs.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169), an affiliate of Hospital Corporation of America, Inc. (HCA), proposes to establish a 28-bed inpatient comprehensive

medical rehabilitation (CMR) unit on the campus of Osceola Regional Medical Center, in Osceola County, Florida.

Osceola Regional Medical Center is a 257-bed for-profit Class I acute care hospital, with 247 acute care beds and 10 Level II NICU beds. The applicant has provided notification to add 64 acute care beds (NF #110016). Also, the applicant has CON #9994, approved to establish a 30-bed Class I acute care hospital in Poinciana (Osceola County), Florida. Non-CON regulated services at the existing facility include Level II adult cardiovascular services and designation as a primary stroke center.

The applicant proposes the following eight reasons as "not normal" circumstances to warrant project approval.

- Osceola County is the most populous county in Florida without any existing or approved CMR beds.
- The population of the PSA/SSA is greater than several Florida counties with licensed and approved CMR beds. There are 29 counties in Florida where licensed and/or CON-approved CMR beds are located. Nine (31 percent) of those counties have fewer residents than the PSA/SSA.
- There has not been a published need for CMR beds in several years. Because existing CMR providers can add beds via the CON exemption process, it is unlikely that there will be a net need for CMR beds projected anywhere in the state. This fact, coupled with the increasingly localized nature of CMR service delivery, constitutes a "not normal" circumstance.
- An additional "not normal" circumstance arises due to the fact that CMR rule 59C-1.39 has not been amended since 1995. Thus the rule does not account for the many subsequent changes in health care such as the Medicare reimbursement changes affecting CMR, more recent CMS policy changes, and current medical literature as sampled herein, nor the resultant changes in CMR service delivery away from the regional referral model and toward a more locally-based step-down model that emphasizes and enhances patient continuity of care.
- Available data reinforces the belief that CMR units do not function as regional referral centers but instead primarily serve their own acute care discharges and other residents of their home counties.

- There are huge gaps between the age-adjusted rates of acute care discharges to CMR among District 7 hospitals and the state as a whole, making it obvious that CMR is greatly underutilized in District 7 and the PSA/SSA.
- The estimated and projected difference between expected and actual discharges to CMR beds from District 7 hospitals and among PSA/SSA residents supports a "not normal" need of up to 28 additional CMR beds.
- This shortfall in CMR utilization represents a suppressed demand that will drive utilization of the 28-bed unit proposed at Osceola Regional Medical Center. Thus the proposal is unlikely to have a significant adverse impact on any existing provider.

The applicant proposes the following conditions on Schedule C upon approval of the proposed project.

Conditions

1. The project address is 700 W. Oak St., Kissimmee, Florida 34741.

2. ORMC will provide 4.5 percent of its annual CMR patient days to the combination of Medicaid, Medicaid HMO and charity (including self-pay patients).

3. ORMC will apply for CARF accreditation for its CMR program in the first 12 months of operation.

4. ORMC will be accredited by the Joint Commission.[2]

5. 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.

6. Therapy services will be available seven days a week.

[2] Osceola Regional (CON application #10169, page #54) states that "The inpatient rehab program at ORMC will meet the accreditation standards of the Commission on Accreditation of Rehabilitation Facilities (CARF), and the provisions of a comprehensive physical rehabilitation unit as outlined by The Joint Commission".

Measurement of Conditions

The compliance report shall include the following types of information measuring conformance with all conditions. The report will be certified as true and correct by the CEO of the hospital. Accomplishment of each numbered condition above will be measured as follows.

1. Compliance with the condition shall be measured as follows: inpatient days specific to the CMR unit shall be reported by payer category, including at a minimum Medicaid, Medicaid HMO and charity/self-pay. Total inpatient days specific to the CMR unit shall be reported also. The inpatient days applicable to each payer category shall be divided by the total and the result multiplied by 100 to arrive at an inpatient day percentage for each payer. The sum of the percentages for Medicaid, Medicaid HMO and charity patients shall be summarized to arrive at a figure that can be compared to the condition.

2. Compliance with this condition shall be demonstrated by furnishing AHCA with an abridged copy of its application for CARF accreditation.

3. ORMC will include a copy of the certificate of accreditation received from the Joint Commission.

4. The hospital will include the CV of the current medical director of the hospital.

5. The hospital will include a copy of the written policy concerning the provision of therapy services in the CMR unit.

NOTE: Section 408.043 (4), Florida Statutes, prohibits accreditation by any private organization as a requirement for the issuance or maintenance of a certificate of need, so CARF and Joint Commission accreditation (Conditions, #3 and #4) will not be cited as conditions to approval.

Condition #5—the CMR unit's medical director is required by administrative rule and as such does not require a report. Should the project be approved, the applicant's proposed conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code.

The total project cost is estimated at $14,341,633. The project involves 34,706 (GSF) of renovation with no new construction, at a renovation cost not reported; however, construction costs are stated to be at $9,775,270. Project costs include: building, equipment, project development, financing and start-up costs.

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, Steve Love analyzed the application with consultation from the financial analyst, Everett “Butch” Broussard who reviewed the financial data and Said Baniahmad of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

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

In Volume 38, Number 29, dated July 20, 2012 of the Florida Administrative Weekly, a fixed need pool of zero beds was published for CMR beds for the January 2018 planning horizon. Therefore, the applicants' projects are outside the fixed need pool.

As of August 27, 2012, District 7 had 173 licensed and 63 approved CMR beds[3]. During the 12-month period ending December 31, 2011, District 7's 173 licensed CMR beds experienced 62.17 percent utilization. In addition, CON #10127 is approved for Healthsouth Rehabilitation Hospital of Seminole County, LLC to establish a 50-bed CMR hospital. Also, CON #10128 is approved for Central Florida Regional Hospital to establish a 50-bed CMR unit.

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

As shown in the table below, District 7's 173 licensed CMR beds experienced 62.17 percent occupancy during the 12-month period ending December 31, 2011.

3 Through CON #10127, HealthSouth Rehabilitation Hospital was approved for 50 CMR beds. Through CON #10128, Central Florida Regional Hospital was approved for 13 CMR beds.

Comprehensive Medical Rehabilitation Bed Utilization District 7 January 2011 – December 2011		
Facility	**Beds**	**Total Occupancy %**
HealthSouth Sea Pines Rehab Hospital	90	56.35%
Florida Hospital	10	94.38%
Orlando Regional Medical Center	53	58.35%
Winter Park Memorial Hospital	20	82.38%
District 7 Total	**173**	**62.17%**

Source: Florida Hospital Bed Need Projections & Service Utilization by District, July 2012 Batching Cycle.

In addition, the last five years of utilization for these facilities are illustrated below.

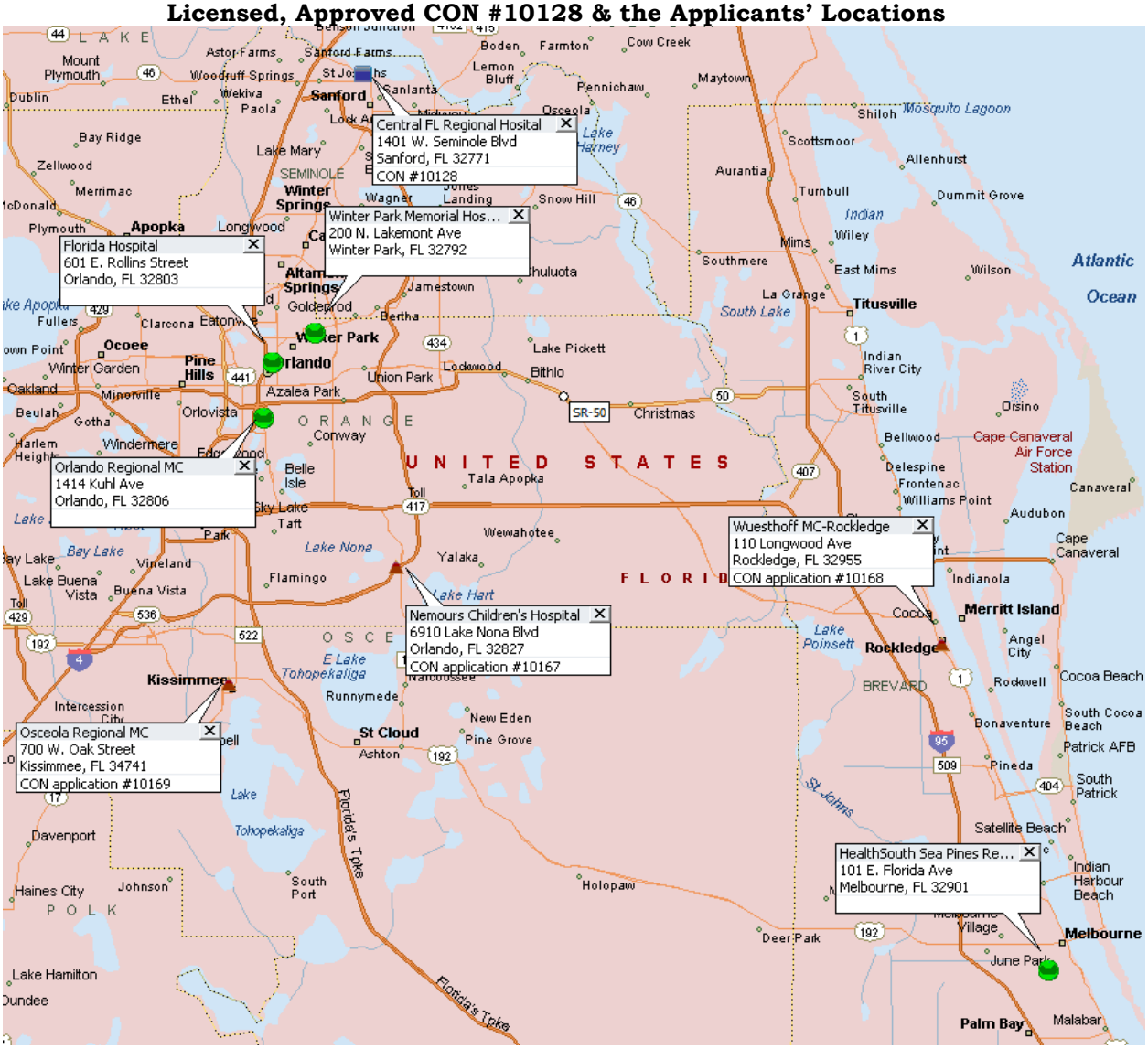
District 7 CMR Providers
Utilization CY 2007 - 2011

Facility	Beds	Jan. 2007-Dec. 2007	Jan. 2008-Dec. 2008	Jan. 2009-Dec. 2009	Jan. 2010-Dec. 2010	Jan. 2011-Dec. 2011
HealthSouth Sea Pines Rehab Hospital	90	46.49%	50.44%	52.65%	51.22%	56.35%
Florida Hospital	10	82.90%	89.86%	90.03%	94.41%	94.38%
Orlando Regional Medical Center*	53	82.47%	72.35%	53.97%	59.18%	58.35%
Winter Park Memorial Hospital	20	77.85%	80.26%	81.59%	83.51%	82.38%
District 7 Total**	**173**	**54.66%**	**57.49%**	**58.56%**	**59.89%**	**62.17%**

Source: Florida Hospital Bed Need Projections & Service Utilization by District, July (2008-2012) Batching Cycles.
Notes: *Orlando Regional Medical Center added 18 CMR beds to its 35-bed unit effective September 30, 2008 via CON #9938. Orlando Regional's CMR unit was licensed as Orlando Regional Lucerne Hospital until July 1, 2009. **Dr. P. Phillips Hospital had an 18-bed CMR unit that was delicensed effective September 15, 2008, and reported zero CMR unit patient days during 1/1/2007 through delicensure.

The map below shows District 7's licensed CMR providers, Central Florida Regional Hospital (CON #10128) approved to establish a 13-bed unit and the applicants' locations. HealthSouth Rehabilitation Hospital of Seminole County, LLC (CON #10127), which is approved to establish a 50-bed CMR hospital in Seminole County is not included because we do not have the proposed location.

District 7
Comprehensive Medical Rehabilitation Providers
Licensed, Approved CON #10128 & the Applicants' Locations



Source: Microsoft MapPoint 2012
Note: As previously stated, HealthSouth Rehabilitation Hospital of Seminole County, LLC's 50-bed facility (CON #10127) is not included as we do not have an exact location.

The table below shows the total number of Brevard County adult residents discharged or transferred to an inpatient rehabilitation provider (regardless of whether CMR freestanding or an in-hospital CRM distinct unit) by Wuesthoff Medical Center-Rockledge, in calendar year 2011. WMC-R is Wuesthoff Medical Center-Rockledge.

Total Brevard County Adult Residents and Wuesthoff Medical Center-Rockledge Patients Discharged to a CMR Provider – Calendar Year 2011						
Facility Name	**Total Brevard County Resident Discharges**	**Total All Other County Resident Discharges**	**Total Discharges**	**Total Brevard County Resident Discharge Percent**	**Total All Other County Resident Discharge Percent**	**Total Discharge Percent**
WMC-R	415	14	429	96.74%	3.26%	100.00%

Source: Florida Center for Health Information and Policy Analysis, CY 2011 database.

Per the database, one of the 14 "all other county resident discharges" was an Orange County resident (District 7) six were unknown and seven were Florida but non-District 7 residents.

The table below shows the total number of Brevard County adult residents discharged from a Florida CMR provider (regardless of whether a CMR freestanding or an in-hospital CMR distinct unit) in calendar year 2011.

Total Brevard County Adult Residents Discharged from CMR Providers – Calendar Year 2011						
Facility Name	**Facility County**	**District**	**Total Discharges**	**%**	**Total Patient Days**	**%**
Bethesda Memorial Hospital	Palm Beach	9	1	0.08	8	0.04
Brooks Rehabilitation Hospital	Duval	4	11	0.84	187	0.98
Broward Health North	Broward	10	1	0.08	14	0.07
Delray Medical Center	Palm Beach	9	1	0.08	11	0.06
Florida Hospital-Orlando	Orange	7	5	0.38	38	0.20
Florida Hospital-Oceanside	Volusia	4	4	0.31	49	0.26
HealthSouth Rehab Hospital of Melbourne	Brevard	7	1	0.08	17	0.09
HealthSouth Sea Pines Rehabilitation Hospital	Brevard	7	1,167	89.36	17,242	90.07
HealthSouth Sunrise Rehabilitation Hospital	Broward	10	2	0.15	28	0.15
HealthSouth Treasure Coast Rehab Hospital	Indian River	9	70	5.36	966	5.05
Jackson Memorial Hospital	Miami-Dade	11	1	0.08	6	0.03
Kindred Hospital-Melbourne	Brevard	7	10	0.77	162	0.85
Memorial Regional Hospital South	Broward	10	2	0.15	17	0.09
Orlando Regional Medical Center	Orange	7	17	1.30	241	1.26
Shands Rehab Hospital	Orange	7	5	0.38	76	0.40
Tampa General Hospital	Hillsborough	6	2	0.15	34	0.18
Winter Haven Hospital	Polk	6	1	0.08	8	0.04
Winter Park Memorial Hospital	Orange	7	5	0.38	38	0.20
Total District 7 Facilities			**1,210**	**92.65**	**17,814**	**93.07**
Total Non-District 7 Facilities			**96**	**7.35**	**1,328**	**6.93**
Total All Facilities			**1,306**	**100.00**	**19,142**	**100.00**

Source: Florida Center for Health Information and Policy Analysis, CY 2011 database—CMR. MS-DRGs 945 and 946.

The reviewer notes that, in CY 2011, according to data from the Florida Center for Health Information and Policy Analysis:

- Wuesthoff Medical Center-Rockledge discharged 415 of 429 (96.74 percent) of adult Brevard County residents to a CMR provider.
- Of the 1,306 adult Brevard County residents discharged from CMR providers, 1,210 (92.65 percent) were discharged from a District 7 CMR provider and 96 (7.35 percent) were discharged from a non-District 7 CMR provider.
- Of the 1,210 adult Brevard County residents discharged from CMR providers, 1,167 (89.36 percent) were discharged from HealthSouth Sea Pines Rehabilitation Hospital.

The table below shows the total number of Osceola County adult residents discharged or transferred to an inpatient rehabilitation provider (regardless of whether CMR freestanding or an in-hospital CMR distinct unit) by Osceola Regional Medical Center, in calendar year 2011. Osceola RMC is Osceola Regional Medical Center.

Total Osceola County Adult Residents and Osceola Regional Medical Center Patients Discharged to a CMR Provider – Calendar Year 2011

Facility Name	Total Osceola County Resident Discharges	Total All Other County Resident Discharges	Total Discharges	Total Osceola County Resident Discharge Percent	Total All Other County Resident Discharge Percent	Total Discharge Percent
Osceola RMC	18	9	27	66.67%	33.33%	100.00%

Source: Florida Center for Health Information and Policy Analysis, CY 2011 database.

Per the database, three of the nine "all other county resident discharges" were residents of Polk County.

The table below shows the total number of Osceola County adult residents discharged from a Florida CMR provider (regardless of whether a CMR freestanding or an in-hospital CMR distinct unit) in calendar year 2011.

Total Osceola County Adult Residents Discharged from CMR Providers – Calendar Year 2011						
Facility Name	**Facility County**	**District**	**Total Discharges**	**%**	**Total Patient Days**	**%**
Brooks Rehabilitation Hospital	Duval	4	2	2.30	30	2.55
Florida Hospital-Orlando	Orange	7	10	11.49	153	13.01
Florida Hospital-Oceanside	Volusia	4	1	1.15	14	1.19
HealthSouth Sea Pines Rehabilitation Hospital	Brevard	7	3	3.45	35	2.98
HealthSouth Sunrise Rehabilitation Hospital	Broward	10	1	1.15	17	1.45
HealthSouth Treasure Coast Rehab Hospital	Indian River	9	1	1.15	5	0.43
Jackson Memorial Hospital	Miami-Dade	11	1	1.15	9	0.77
Orlando Regional Medical Center	Orange	7	44	50.57	575	48.89
Select Specialty Hospital-Orlando (South)	Orange	7	2	2.30	67	5.70
Tampa General Hospital	Hillsborough	6	1	1.15	13	1.11
Winter Haven Hospital	Polk	6	2	2.30	35	2.98
Winter Park Memorial Hospital	Orange	7	19	21.84	223	18.96
Total District 7 Facilities			**78**	**89.66**	**1,053**	**89.54**
Total Non-District 7 Facilities			**9**	**10.34**	**123**	**10.46**
Total All Facilities			**87**	**100.00**	**1,176**	**100.00**

Source: Florida Center for Health Information and Policy Analysis, CY 2011 database. MS-DRGs 945 and 946.

The reviewer notes that, in CY 2011, according to data from the Florida Center for Health Information and Policy Analysis, in summary:

- Osceola Regional Medical Center discharged 18 of 27 (66.67 percent) adult Osceola County residents to a CMR provider.
- Of the 87 adult Osceola County residents discharged from CMR providers, 78 (89.66 percent) were discharged from a District 7 CMR provider and nine (10.34 percent) were discharged from a non-District 7 CMR provider.
- Of the 87 adult Osceola County residents discharged from CMR providers, 44 (50.57 percent) were discharged from Orlando Regional Medical Center, which is 17.11 driving miles (per www.Mapquest.com) from the applicant's proposed CMR location.
- Orlando Regional Medical Center was the nearest CMR provider that discharged the most adult Osceola County residents with a CMR discharge.

c. Other Special or Not Normal Circumstances

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states four "not normal" circumstances that justify need, as follows:

- NCH special status as a regional pediatric facility;
- The lack of dedicated pediatric CMR programs in the district and state;
- The number of patients leaving the service area for inpatient rehabilitation care; and
- Medical Education Program - NCH's pediatric CMR unit will serve as a training site for residents of Larkin Community Hospital's physical medicine and rehabilitation residency training program as part of their required pediatric experience. These residents will serve six-week rotations and NCH will receive eight residents per year. Additionally, there will be a one-month pediatric rehabilitation elective rotation offered.

In summary, the applicant reports its intent to work closely and collaboratively on research initiatives with staff from the Nemours/Alfred I. duPont Hospital for Children (AIDHC) in Wilmington, Delaware. Broadly, this is stated to provide integration, depth and extensive experience in adopting best practices from AIDHC, including electronic health records.

The applicant's planned primary service area will be the entirety of District 7. The secondary service area will consist of Districts 3, 5 and 6.

Existing Rehabilitation Providers

Per the applicant, according to CARF, in 2011, 19 providers were accredited to serve pediatric CMR patients in Florida. Below is the applicant's table to account for these 19 facilities and their pediatric patient totals and percentages. The applicant indicates that Brooks Rehabilitation Hospital (District 4) and Jackson Memorial Hospital (District 11) are the dominant providers.

2011 Rehab Patients Under 18 by County and Facility

Home County	Hospital	Patients	Percentage
Duval	Brooks Rehabilitation Hospital	109	39.4%
Miami-Dade	Jackson Memorial Hospital	96	34.7%
Hillsborough	Tampa General Hospital	11	4.0%
Broward	Memorial Regional Hospital Hollywood	9	3.2%
Pinellas	HealthSouth Rehabilitation Hospital-Largo	8	2.9%
Orange	Orlando Regional Medical Center	7	2.5%
Lee	Lee Memorial Hospital	6	2.2%
Broward	North Broward Medical Center	5	1.8%
Pinellas	Bayfront Medical Center	4	1.4%
Alachua	Shands Rehab Hospital	4	1.4%
Leon	HealthSouth Rehabilitation Hospital-Tallahassee	2	0.7%
Indian River	HealthSouth Rehabilitation Treasure Coast	2	0.7%
Broward	Memorial Regional Hospital South	2	0.7%
Palm Beach	St. Mary's Hospital	2	0.7%
Manatee	Blake Medical Center	1	0.4%
Bay	HealthSouth Rehabilitation Emerald Coast	1	0.4%
Broward	HealthSouth Rehabilitation Hospital-Sunrise	1	0.4%
Miami-Dade	Mount Sinai Medical Center	1	0.4%
Escambia	West Florida Hospital	1	0.4%
	Total	**277***	**100.0%****

Source: CON application #10167, page #24, Exhibit 1.
NOTE: * The arithmetic total for the "Patients" column is 272.
** The arithmetic total for the "Percentage" column is 98.2 percent.

Again, per the applicant's above table, a total of seven pediatric CMR patients were served at a CARF accredited facility in the applicant's primary service area (District 7) in calendar year 2011.

The applicant provides two tables below which indicate that of these two dominant providers (Brooks Rehabilitation Hospital and Jackson Memorial Hospital), 13 District 7 pediatric CMR patients and one District 7 pediatric CMR patient, respectively, were served in these facilities in calendar year 2011.

Brooks Rehabilitation Hospital
2011 Patient Origin

County	Patients	% of Total
Duval	36	33.0%
Clay	7	6.4%
Orange	7	6.4%
Volusia	5	4.6%
Lake	3	2.8%
Marion	3	2.8%
Nassau	3	2.8%
St. Johns	3	2.8%
Taylor	3	2.8%
Alachua	2	1.8%
Bay	2	1.8%
Brevard	2	1.8%
Flagler	2	1.8%
Leon	2	1.8%
Liberty	2	1.8%
Osceola	2	1.8%
Polk	2	1.8%
Seminole	2	1.8%
Baker	1	0.9%
Broward	1	0.9%
Columbia	1	0.9%
Jefferson	1	0.9%
Levy	1	0.9%
Manatee	1	0.9%
Miami-Dade	1	0.9%
Palm Beach	1	0.9%
Putnam	1	0.9%
Santa Rosa	1	0.9%
Other /Unknown	11	10.1%
Grand Total	**109**	**100.0%**

Source: CON application #10167, page #25, Exhibit 2.
NOTE: The applicant's running cumulative percentage column is not included.

Jackson Memorial Hospital
2011 Patient Origin

County	Patients	% of Total
Miami-Dade	73	76.0%
Broward	7	7.3%
Palm Beach	2	2.1%
Lee	1	1.0%
Monroe	1	1.0%
Orange	1	1.0%
St. Lucie	1	1.0%
Other/ Unknown	10	10.4%
Grand Total	**96**	**100.0%**

Source: CON application #10167, page #26, Exhibit 3.
NOTE: The applicant's running cumulative percentage column is not included.

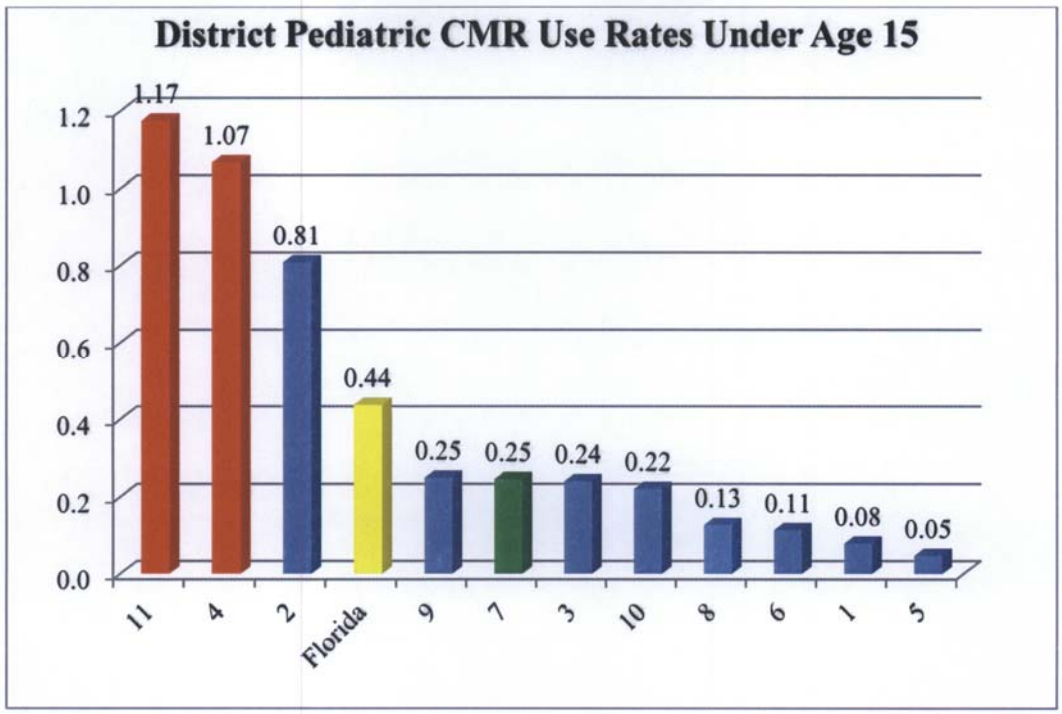
Travel Time Access for Pediatric CMR Services

The applicant indicates that only two providers in Florida, Brooks Rehabilitation and Jackson Memorial Hospital, serve sufficient volumes of pediatric patients to be considered to have a pediatric CMR program. Further, the applicant indicates neither of these providers offers pediatric services within a dedicated, specialty pediatric hospital.

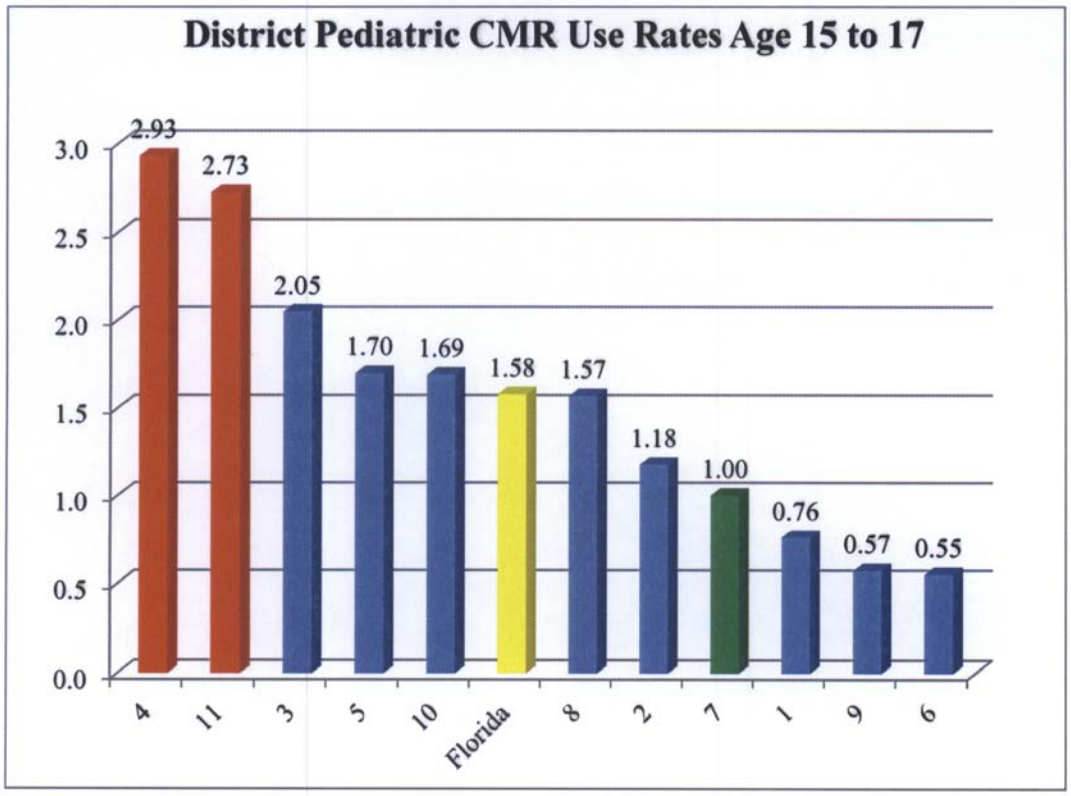
The reviewer confirms that driving time from more northern portions of District 7 (such as Altamonte Springs and Titusville) are in excess of two hours driving time to Brooks Rehabilitation Hospital (District 4 in Duval County). The reviewer also confirms that driving time from more southern portions of District 7 (such as Kissimmee and Melbourne) are in excess of two hours driving time to Jackson Memorial Hospital (District 11/Miami-Dade County). In both instances, these driving times are in excess of two hours, under normal driving conditions.

Pediatric Rehabilitation Use Rate

The applicant reports that District 7 pediatric CMR discharges, per 10,000 in population under age 18, are far below the statewide average for pediatric patients. Again, per the applicant, the CMR use rates for the under 15 and 15 to 17 age groups, 0.25 and 1.00, respectively, are significantly below the statewide averages of 0.44 and 1.58. The applicant points out that just two districts in the state have use rates for both age cohorts that are above the statewide average, those being District 4 and District 11 (the districts where the two largest pediatric CMR providers are located). Below the applicant provides two bar charts to account for these use rates.



Source: CON application #10167, page #28, Exhibit 4.



Source: CON application #10167, page #28, Exhibit 4.

The applicant states there is a "clear correlation" between the proximity of a provider and the use rate and the use rate for its district. The applicant expects that by year two of operation, the pediatric use rate in District 7 will increase to an average of the use rates in District 4 and District 7. The reviewer confirms that the highest use rates, per the tables, are in District 4 and District 11.

Population Analysis

Below is a chart of the applicant's expected population growth rates, on an absolute and percentage basis, for the primary and secondary services areas, among children under 15 years of age, those aged 15 to 17 and the combined populations, from January 1, 2012 to January 1, 2017. As shown in the tables, the applicant expects the total service area to grow from 1,646,552 in 2012 to 1,760,916 in 2017, a growth rate of 6.9 percent. The applicant expects faster growth rates among the under age 15 population and in District 7 as a whole.

Service Area Population January 1, 2012

	Under 15	15-17	Total
Primary Service Area			
District 7	450,657	99,810	550,467
Secondary Service Area			
District 3	250,943	53,440	304,383
District 5	212,695	46,840	259,535
District 6	441,275	90,892	532,167
SSA Total	**904,913**	**191,172**	**1,096,085**
Grand Total	**1,355,570**	**290,982**	**1,646,552**

Service Area Population January 1, 2017

	Under 15	15-17	Total
Primary Service Area			
District 7	489,202	103,907	593,109
Secondary Service Area			
District 3	271,937	56,578	328,515
District 5	217,888	46,728	264,616
District 6	478,339	96,337	574,676
SSA Total	**968,164**	**199,643**	**1,167,807**
Grand Total	**1,457,366**	**303,550**	**1,760,916**

Percent Change

	Under 15	15-17	Total
Primary Service Area			
District 7	8.6%	4.1%	7.7%
Secondary Service Area			
District 3	8.4%	5.9%	7.9%
District 5	2.4%	-0.2%	2.0%
District 6	8.4%	6.0%	8.0%
SSA Total	**7.0%**	**4.4%**	**6.5%**
Grand Total	**7.5%**	**4.3%**	**6.9%**

Source: CON application #10167, page #29, Exhibit 5.

Rehabilitation Conditions to be Served

The applicant reports diagnostic groups to be served will include, but not be limited to:

- Traumatic brain injury,
- Non-traumatic brain injury,
- Spinal cord injury,
- Multiple trauma,
- Cerebral vascular accident,
- Neuromuscular disorders (numerous),
- Orthopedic injuries and amputations,
- Pre/post-surgical rehabilitation,
- Debility (cardiac/pulmonary),
- Pain syndromes, and
- Rheumatologic disorders.

The applicant provides a full listing of DRGs which it states might benefit from pediatric CMR services (CON application #10167, Attachment 9 – List of Acute Conditions Potentially Requiring Pediatric CMR).

Acute Care Discharge Data

Below is a chart of what the applicant considers the number of pediatric discharges in 2011 from acute care hospitals, "with the DRGs listed in Exhibit 6". The reviewer notes that no DRGs are listed on the applicant's Exhibit 6. The applicant states that Orange County, the applicant's primary service area, had 1,116 patients discharged with, "these DRGs". The chart provides other discharge totals. The applicant also itemizes these discharges, by county (CON application #10167, Attachment 10-Discharges by County).

Service Area Pediatric Patients
Discharged from an Acute Care Hospital
with Conditions that Could Benefit from CMR

Primary Service Area	**Discharges**
District 7	1,963
Secondary Service Area	
District 3	1,023
District 5	797
District 6	1,538
SSA Total	**3,358**
Grand Total	**5,321**

Source: CON application #10167, page #31, Exhibit 6.

Brain and Spinal Cord Injuries

The applicant indicates a major component of its program will be for those with traumatic brain injuries (TBI) and spinal cord injuries.

The applicant provides a table of moderate-to-severe pediatric brain and spinal cord injury patients over the last three years, in its PSA. The applicant reports these totals were drawn from Florida Department of Health's Brain and Spinal Cord Injury Program's Central Registry.

Florida Department of Health
Brain and Spinal Cord Injury Program Central Registry for
Moderate-to-Severe Traumatic Brain and Spinal Cord Injuries for
Children Under the Age of 18/Injured by County
Calendar Year (CY) 2009-2011

		CY 2009 - 2011			
		2009	2010	2011	Total
Service Area	County of Injury	Count	Count	Count	Count
PSA	Orange	34	19	15	68
PSA	Brevard	5	5	4	14
PSA	Osceola	11	5	6	22
PSA	Seminole	6	2	8	16
Total		**56**	**31**	**33**	**120**

Source: CON application #10167, page #32.

The applicant believes the decrease in the count could be due to changes in reporting requirements and not necessarily reflect a decline in incidents.

Projected Pediatric CMR Patients

Below the applicant provides a table to account for expected discharges, average length of stay (ALOS), patient days, average daily census (ADC) and occupancy rates for the first two years of the program.

Projected CMR Utilization for NCH

	Year One	Year Two
Discharges	88	123
ALOS	18	18
Patient Days	1,584*	2,218
ADC	4.34	6.08
Occupancy	48.2%	67.5%

Source: CON application #10167, page #34, Exhibit 8
NOTE: (*) The applicant's Schedule 7B indicates total patient days of 1,584 for year one. However, an arithmetic calculation of patient days for each payer mix category indicates 1,585 total patient days.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) reports serving primarily the cities of Rockledge, Cocoa, Merritt Island and northernmost Melbourne. Per the applicant, 96 percent of its patients reside in Brevard County and more than 83 percent are from a nine zip code service area which is stated to represent 33 percent of the county's population. Below are three tables the applicant provides to account for service area zip code population growth, by age cohort, and percentage changes.

Wuesthoff Rockledge Service Area Population

Ages 18 and Older Calendar Year 2012				
Zip Code	**City**	**Ages 18-64**	**Ages 65+**	**Ages 18+**
32922	Cocoa	8,676	1,958	10,634
32926	Cocoa	13,630	3,319	16,949
32927	Cocoa	19,154	3,514	22,668
32940	Melbourne	18,503	9,089	27,592
32952	Merritt Island	12,207	3,931	16,138
32953	Merritt Island	13,742	4,170	17,912
32955	Rockledge	22,446	7,613	30,059
Service Area		**108,358**	**33,594**	**141,952**

Source: CON application #10168, page #9. The applicant states zip codes 32923 and 32956 are post office boxes and have no population but have inpatient utilization. This accounts for the nine zip codes stated to be the applicant's service area.

The applicant indicates that 24 percent (33,594/141,952) of the adult service area is 65+ years of age.

Wuesthoff Rockledge Service Area Population Ages 18 and Older Calendar Years 2014 and 2015							
		Calendar Year 2014			**Calendar Year 2015**		
Zip Code	**City**	**Ages 18-64**	**Ages 65+**	**Ages 18+**	**Ages 18-64**	**Ages 65+**	**Ages 18+**
32922	Cocoa	8,570	1,981	10,551	8,516	1,993	10,509
32926	Cocoa	13,690	3,533	17,222	13,719	3,639	17,359
32927	Cocoa	19,258	3,726	22,983	19,309	3,831	23,141
32940	Melbourne	19,256	9,860	29,116	19,632	10,246	29,878
32952	Merritt Island	12,030	4,095	16,125	11,941	4,177	16,118
32953	Merritt Island	13,704	4,368	18,072	13,685	4,466	18,151
32955	Rockledge	23,158	8,407	31,565	23,515	8,804	32,319
Service Area		**109,665**	**35,969**	**145,634**	**110,318**	**37,157**	**147,475**

Source: CON application #10168, page #9.

By 2015, year two of the project, the applicant estimates an adult population of 147,475 residents (3.9 percent growth from 2012) and an age 65+ population of 37,157 (10.6 percent growth from 2012).

Wuesthoff Rockledge Service Area Population Growth Ages 18 and Older 2012 to 2015			
Zip Code	**Ages 18-64**	**Ages 65+**	**Ages 18+**
32922	(1.8%)	1.8%	(1.2%)
32926	0.7%	9.6%	2.4%
32927	0.8%	9.0%	2.1%
32940	6.1%	12.7%	8.3%
32952	(2.2%)	6.3%	(0.1%)
32953	(0.4%)	7.1%	1.3%
32955	4.8%	15.6%	7.5%
Service Area	**1.8%**	**10.6%**	**3.9%**

Source: CON application #10168, page #10.

The applicant states the current and forecasted service area population is sufficient to support the proposed need and that a lack of availability and access in the applicant's service area justifies project approval.

CMR beds are geographically inaccessible to residents of the Wuesthoff Rockledge service area.

Per the applicant, bed inventory should no longer be the controlling factor in determining need since existing providers can add beds via exemption. Also per the applicant, the project would improve access, since HealthSouth Sea Pines Rehab Hospital is outside the applicant's service area and requires a greater driving distance for more northern Brevard County residents.

The applicant reports the Brevard County CMR bed inventory is unbalanced with all beds situated within one facility that is located toward the southern tip of the county. The applicant believes the project will enhance geographic access for the stated service area, as more elderly residents are more likely to utilize CMR services when those services are closer-in.

Below is the applicant's table to account for District 7's CMR providers, bed inventory and distance from the applicant's CMR location.

District 7 CMR Providers
Bed Inventory and Distance from Wuesthoff Rockledge

		Distance From Wuesthoff Rockledge	
Hospital	**CMR Beds**	**Miles**	**Minutes**
HealthSouth Sea Pines	90	23	35
Florida Hospital	10	79	86
Orlando Regional Medical Center	53	75	81
Winter Park Memorial Hospital	20	77	85
Central Florida Regional Hospital(1)	13	58	72
HealthSouth Seminole(1)(2)	50	57	65

(1) These CMR beds are CON approved.
(2) HealthSouth Seminole's CON application is not site specific. Location used in table is south central Seminole County.
Source: CON application #10168, page #13.

The only existing CMR provider in Brevard County is a joint venture partner with the Health First system, thus creating a programmatic accessibility issue that hinders the continuity of care, as Health First and Wuesthoff Health System have separate medical staffs, so Wuesthoff Rockledge physicians do not follow their patients to the HealthSouth Sea Pines Rehabilitation Hospital[4].

The applicant states Health First is Brevard County's largest healthcare system and Wuesthoff Health System's biggest competition. The applicant also states that because Health First is partial owner of HealthSouth Sea Pines Hospital, this places the applicant at a

[4] Agency hospital licensure records indicate that Holmes Regional Medical Center has a 25 percent interest in HealthSouth Sea Pines.

competitive disadvantage because Health First has CMR beds whereas Wuesthoff Health System does not.

The applicant indicates, based on an August 20, 2012 representative sample, a census of 63 skilled nursing rehabilitation patients and that five to ten of these patients at the Wuesthoff Progressive Care Center would be probable candidates for more aggressive treatment through the proposed project. Below is the applicant's table summary to account for the applicant's determination.

The applicant failed to document either access or quality of care problems associated with the current CMR referral patterns in Brevard County.

Wuesthoff Progressive Care Center
Skilled Nursing Rehab Unit Patient Population
Representative Sample, August 212
Diagnostic Mix and Resource Utilization Group Mix

Diagnostic Mix	**Code**	**Census**	**Percent**
Orthopedic	V43.69	4	6.3%
Orthopedic	V43.64	1	1.6%
Neuro	332.0	1	1.6%
Fracture	905.4	3	4.8%
Hip Fracture	820.8	12	19.0%
Stroke	438.0	3	4.8%
Fracture	824.8	1	1.6%
Subtotal	--	25	39.7%
All Other	--	38	60.3%
Total Census	--	63	100.0%
Resource Utilization Group Mix		**Census**	**Percent**
Rehab Ultra High	--	48	76.3%
Rehab Very High	--	5	7.9%
Rehab, All Other	--	5	7.9%
Other	--	5	7.9%
Total Census	--	63	100.0%

Source: CON application #10168, page #14.

The applicant estimates the project would allow for "step up" from skilled nursing to CMR or "step down" from CMR to skilled nursing, all within the Wuesthoff Health System. An improved continuity and continuum of care would result from this arrangement, per the applicant. A full array of services (acute care beds, skilled nursing, assisted living, home health, medical equipment, outpatient rehabilitation and the proposed project [CMR]) would make complete this full array of services and allow Wuesthoff Health System to, "compete effectively in providing quality services". This would lead to more seamless, uninterrupted care. The applicant fails to provide documentation of problems that have resulted from the current CMR referral arrangement in Brevard County.

The applicant states Wuesthoff Rockledge, a designated primary stroke center, treated between 280 and 405 stroke victims each year for the past three years and that these internal volumes support the project, providing clinical continuity and programmatic access.

NO IMPACT ON EXISTING PROVIDERS

Per the applicant, over-bedding exists at HealthSouth Sea Pines Rehab Hospital, suggesting "on the surface" that beds are programmatically available for county residents. However, the applicant indicates that patients "loyal" to Wuesthoff Health System do not want to go to a Health Frist related facility, nor is it geographically accessible for central and northern Brevard County residents. Again, per the applicant, most of its CMR eligible patients are discharged to Wuesthoff Progressive Care Center but are coded as "discharged to rehab".

ALTERNATIVES ARE INAPPRROPATIE FOR CMR PATIENTS

Per the applicant, each type of service (inpatient rehabilitation, skilled nursing and long-term acute care hospitals) is characterized by distinct levels of care, with each serving a well-defined purpose for patients with specific needs. Below the applicant provides a summary table to account for some of these differences.

Characteristics	Inpatient Rehabilitation	Skilled Nursing	LTAC
Admission Criteria	60% of admissions must come from CMS 13 categories	Medically necessary, follows a 3-day acute care stay	Medically complex
ALOS	13 to 16 days	30+ days	Greater than 25 days
Attending Physician Visits	4+ times per week	At least every 30 days	Daily
Multi-Disciplinary Team Approach	Required	Not required	Required
Medical Director Specialty	Physical Medicine and Rehabilitation	Family Practice, Internal Medicine	Hospitalist, Critical Care or Intensivist
RN Oversight/Availability	24 hours per day/ 7 days a week	8 consecutive hours per day	24 hours per day/ 7 days a week
Nursing Hours Per Patient	6.0 to 8.0 hours	2.5 to 4.0 hours	7.0 to 9.0 hours
Therapy	3 hours per day minimum	No minimum	No minimum

Source: CON application #10168, page #20.

The applicant does not attempt to document problems with either access or quality of care associated with the available post-acute treatment locations summarized in the above table.

CMR BED NEED ANALYSIS

The applicant offers two methodologies to prove that sufficient demand exists for the project. Methodology number one is described as the applicant's historical rehab appropriate cases compared to total rehab cases discharged to hospital-based CMRs statewide. Methodology number two is described as an average statewide resident use rate of hospital-based CMR discharges compared to the applicant's service area population. Both methodologies result in a stated bed need count of 16 by CY 2015. Because these bed need count estimates are approximately the same, by CY 2015, for brevity, methodology number one is summarized below.

Methodology #1: Hospital Based Need Methodology

The applicant states that in each of the last three years, Wuesthoff Rockledge has discharged in excess of 648 patients that meet CMS primary diagnosis requirements (referenced as CMS-13), sufficient in severity, to qualify as inpatient rehabilitation candidates. Below is the applicant's summary table to account for this discharge count, in CY 2011.

Wuesthoff Rockledge CMS-13 (Rehab Appropriate) Discharges by Category (*) Calendar Year 2011	
CMS Category	**Hospital Discharges**
Amputation	9
Brain Injury	71
Burn	0
Hip Fracture	110
Joint Replacement, Age 85+	19
Neuro	117
Rheumatoid Arthritis	4
Spinal Cord	37
Stroke	280
Trauma	1
CMS-13 Total	648
Hospital Total	9,661
Rehabilitation Admissions at Wuesthoff Rockledge	-0-
Rehabilitation Admissions as a Percent of Total Hospital Admissions	N/A

(*) Only 10 of the CMS-13 categories are included herein for conservatism.
Note: All discharges exclude obstetrics/gynecology, newborns, psychiatry, substance abuse and ages 0-17.
Source: CON application #10168, page #22.

The applicant calculates that in CY 2011, 3.5 percent of all Florida hospitals with CMR units experienced CMS-13 diagnosis discharges. Using this 3.5 percent calculation, the applicant forecasts 342 admissions for its project in CY2011 and 382 admissions in CY 2015. Below is the applicant's summary table to account for these calculations.

Wuesthoff Rockledge & Florida Hospitals with CMR Units

Potential/Estimated Rehab Admissions CY 2011	
Hospitals with CMR Units:	**Hospital Discharges**
Hospital Total	461,095
Actual Rehab Admissions	16,316
Rehab as Percent of Hospital Admissions	3.5%
Wuesthoff Rockledge	
Hospital Total	9,661
Rehab as Percent of Hospital Admissions (Hospital Based Units	3.5%
Potential/Estimated Rehab Admissions	**342**

Source: CON application #10168, page #24.

Based on its previously discussed estimated population growth rates for the service area, the applicant expects at least 10 additional rehab admissions per year, with 382 admissions by the end of CY 2015 (the second year of operations). Below is the applicant's summary table to account for these estimates.

Wuesthoff Rockledge CMR Bed Need Calendar Years 2011 and 2015		
	2011	**2015**
Forecasted Admissions	342	382
Average Length of Stay	13.3	
Total Patient Days	4,549	5,081
Average Daily Census	12.5	13.9
Bed Need at 85% Occupancy	15	16

CON application #10168, page #24.

Utilization Forecast

Below is the applicant's summary table to account for admissions, patient days, average daily census (ADC) and occupancy rates for year one (CY 2014) and for year two (CY 2015). The applicant includes a "ramp up" period for year one. The reviewer notes the year one admissions "before ramp up" are identical to the applicant's year two admissions.

Wuesthoff Rockledge 15-bed CMR Unit Forecasted Utilization Years One and Two			
	Year One Before Ramp Up Adjustment	**Year Two (2014) With Ramp Up Adjustment**	**Year Two (2015)**
Admissions by Quarter			
Quarter 1	90	31	90
Quarter 2	83	59	83
Quarter 3	87	84	87
Quarter 4	89	87	89
Total Admissions	349	261	349
Patient Days	N/A	3,472	4,631
Average Daily Census	N/A	9.5	12.7
Occupancy Rate	N/A	63.4%	84.6%

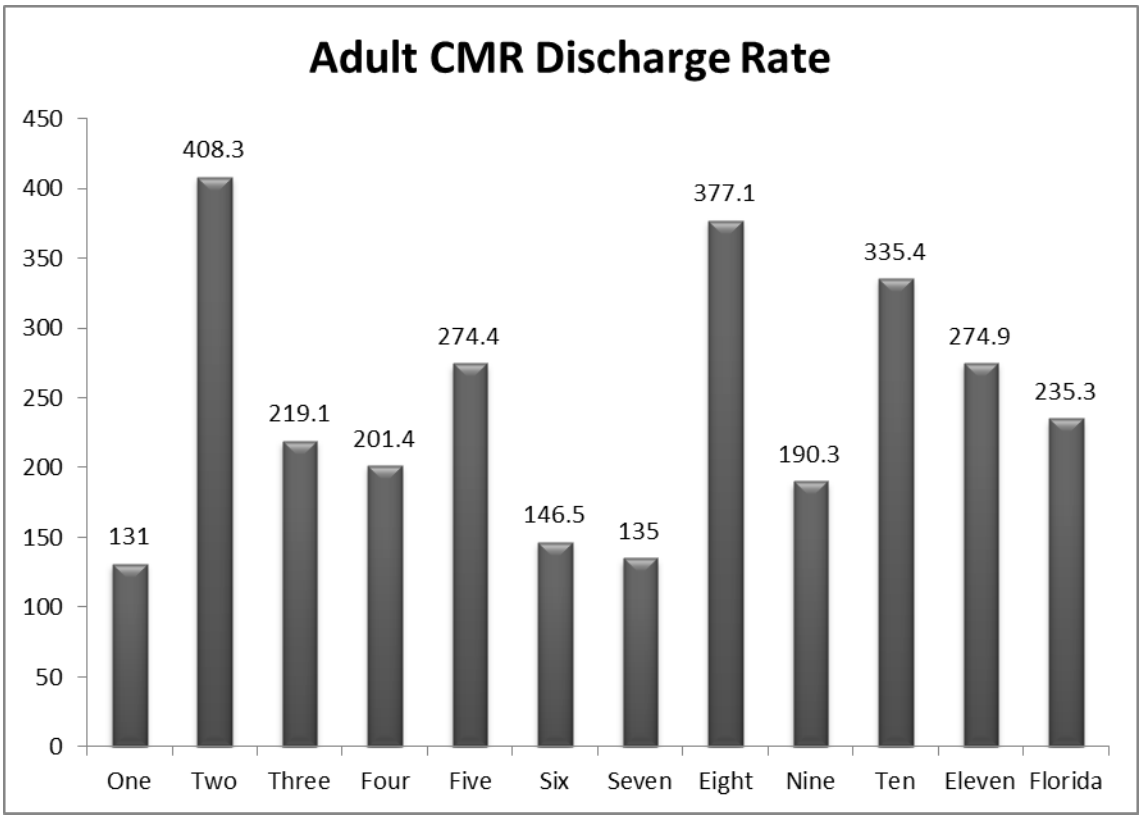
CON application #10168, page #10168, page #29.

The applicant's estimates indicate an ADC of 9.5 and 63.4 percent occupancy in year one and an ADC of 12.7 and 84.6 percent occupancy in year two.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) proposes that its application does not compete with either **CON application #10167** or **CON application #10168**, and is unlikely to have a significant adverse impact on any existing providers. The applicant anticipates (on or before October 1, 2013) approval as a Level II trauma center by the Florida Department of Health's Office of Trauma. The applicant expects a significant increase in the number of discharges to inpatient rehabilitation, as a direct result of the expected trauma center designation. The applicant also believes that improved clinical continuity of care would result from project approval, without patients having to re-adjust to an unfamiliar medical, institutional and organizational environment.

Service Area Characteristics

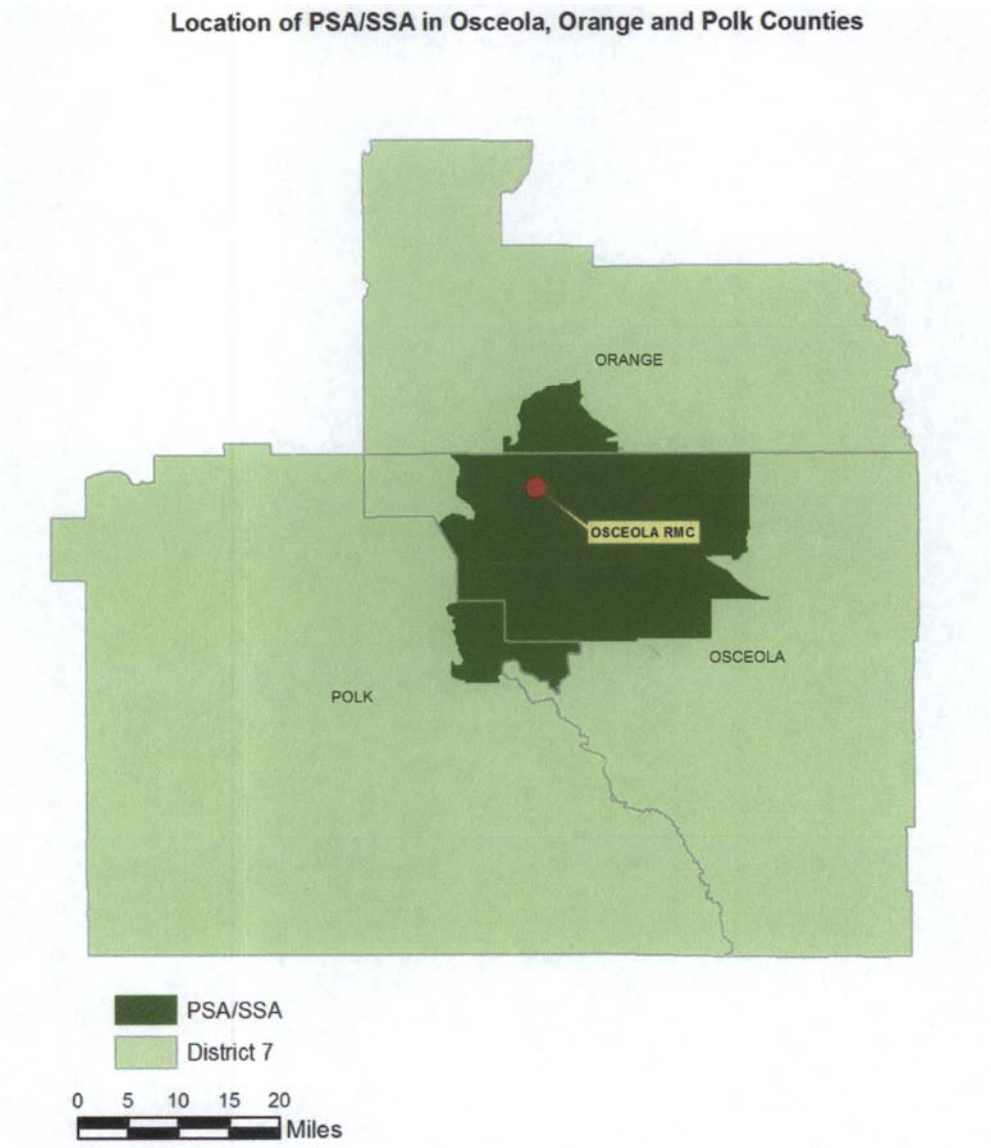
The applicant indicates that District 7's inpatient CMR utilization/use rate, per 100,000 residents, is 10th in the state, among the 11 districts, with District 7 having a 135.0 use rate compared to the state average 235.3 use rate. Below is the applicant's table to account for this estimate.



Source: CON application #10169, page # 20, Table #3.
Note: Based on July 2010 – June 2011 District CMR utilization and January 1, 2011 population.

The applicant states residents of District 7 receive "significantly fewer CMR services than the typical Floridian". However, they do not attempt to document either access or quality of care problems associated with these lower use rates.

The applicant states it will primarily serve patients discharged from the acute care setting within the hospital, including other residents of its primary service area (PSA) and secondary service area (SSA). The applicant indicates a PSA of primarily Osceola County with a secondary service area of two zip code areas in extreme southern Orange County and far eastern Polk County. Combined, the PSA/SSA is stated to include 11 zip codes with a population of 245,749. This area is stated to present 75 percent of the applicant's acute care discharges. Below is the applicant's depiction of its PSA/SSA and District 7. The reviewer notes the applicant shows District 7 including Polk County (District 6) and does not include Seminole and Brevard Counties (also part of District 7).



Source: CON application #10169, page #22.

Below is a table to account for what the applicant states is the primary service area for the proposed CMR service area.

Osceola Regional Medical Center As of January 1,2011 Service Area Population by Zip Code				
Zip Code	**15-64**	**65-74**	**75+**	**Total**
32824	23,822	1,748	1,102	26,672
32837	35,024	2,435	1,504	38,963
34741	32,981	2,387	1,612	36,980
34743	25,262	2,288	1,729	29,279
34744	29,130	3,061	2,080	34,271
34746	21,183	2,707	2,998	26,888
34758	19,600	2,050	1,632	23,282
34759	17,596	2,071	1,431	21,098
34769	15,455	2,036	2,255	19,746
34771	9,780	1,176	812	11,768
34772	13,808	1,284	1,099	16,191
Total	243,641	23,243	18,254	285,138

Source: CON application #10169, page #23, Table 4.

The reviewer notes the applicant previously stated a PSA/SSA of 11 zip codes but presents primary service area of 11 zip codes in its Table 4 (above).

The applicant states that two factors stand out regarding Table 4 (above). Frist, the population of the "service area (SA)" is greater than several Florida counties with licensed and approved CMR beds. Second, the age composition of the "PSA/SSA" is more heavily weighted toward the elderly population (ages 65+) that the overall population of Osceola County, or District 7 as a whole.

District 7 CMR Utilization Patterns and Trends

Below is the applicant's table of stated SA resident rehab discharges for the 12-month period ending June 30, 2011.

Osceola Regional Medical Center Service Area Resident Rehabilitation Discharges July 2010-June 2011			
Hospital	**Discharges**	**Patient Days**	**ALOS**
Brooks Rehabilitation Hospital	1	16	16.0
Florida Hospital	7	115	16.4
Florida Hospital Oceanside	1	14	14.0
HealthSouth Sea Pines Rehabilitation Hospital	5	51	10.2
HealthSouth Sunrise Rehabilitation Hospital	1	17	17.0
Jackson Memorial Hospital	3	41	13.7
Orlando Regional Medical Center	62	935	15.1
Shands Rehab Hospital	1	18	18.0
University Community Hospital	1	8	8.0
St. Catherine's West Rehabilitation Hospital	2	37	18.5
Tampa General Hospital	1	14	14.0
Winter Haven Hospital	3	53	17.7
Winter Park Memorial Hospital	17	230	13.5
Total	105	1,549	14.8

Source: CON application #10169, page #24, Table 6.

The applicant states that of these 105 discharges, 80 percent were discharged from either Orlando Regional Medical Center, Florida Hospital (Orlando), or Winter Park Memorial Hospital. The applicant also indicates that again, of the 105 discharges, the total patient days for this population totaled 1,280 or 6.2 percent of Orlando Regional Medical Center, Florida Hospital (Orlando), and Winter Park Memorial Hospital's total discharges, for the same period.

The applicant reports that for the 12-month period ending June 30, 2011, statewide, larger CMR units (averaging 59 beds) had an average occupancy rate of 46.4 percent while smaller CMR units (averaging 22 beds) had an average occupancy rate of 65.8 percent.

Below is the applicant's table to show that whether a freestanding CMR provider or an acute care in-hospital CMR unit, statewide, these providers receive most of their patients from the patient's home county of residence. The applicant indicates these are indications of a shift away from regionalization toward locally-based CMR services.

Percent of CMR Discharges from Home County By Facility Type July 2010-June 2011	
Facility Name	**Percent**
Baptist Hospital of Miami	92%
Bayfront Medical Center, Inc.	85%
Bethesda Memorial Hospital	93%
Blake Medical Center	87%
Delray Medical Center	89%
Fawcett Memorial Hospital	80%
Florida Hospital	51%
Florida Hospital Oceanside	81%
Rehabilitation Institute of Northwest Florida	88%
Holy Cross Hospital, Inc.	88%
Jackson Memorial Hospital	76%
Jackson North Medical Center	91%
Largo Medical Center—Indian Rocks	91%
Lawnwood Regional Medical Center & Heart Institute	81%
Lee Memorial Hospital	86%
Leesburg Regional Medical Center	70%
Memorial Regional Hospital	83%
Memorial Regional Hospital South	76%
Mercy Hospital	90%
Morton Plant North Bay Hospital	89%
Mount Sinai Medical Center	88%
Naples Community Hospital	79%
North Broward Medical Center	89%
Orlando Regional Medical Center	61%
Palms of Pasadena Hospital	90%
Saint Mary's Medical Center	75%
Sarasota Memorial Hospital	72%
Seven Rivers Regional Medical Center	87%
Tampa General Hospital	68%
University Community Hospital	72%
West Florida Hospital	60%
Winter Haven Hospital	93%
Winter Park Memorial Hospital	54%
Median: Acute Care Facilities	**85%**
Brooks Rehabilitation Hospital	63%
HealthSouth Emerald Coast Rehabilitation Hospital	74%
HealthSouth Rehabilitation Hospital	92%
HealthSouth Rehabilitation Hospital of Miami	84%
HealthSouth Rehabilitation Hospital of Sarasota	59%
HealthSouth Rehabilitation Hospital of Spring Hill	74%
HealthSouth Rehabilitation Hospital of Tallahassee	59%
HealthSouth Sea Pines Rehabilitation Hospital	93%
HealthSouth Sunrise Rehab Hospital	88%
HealthSouth Treasure Coast Rehabilitation Hospital	71%
Shands Rehab Hospital*	33%
St. Anthony's Rehabilitation Hospital	93%
St. Catherine's Rehabilitation Hospital	92%
St. Catherine's West Rehabilitation Hospital	90%
West Gables Rehabilitation Hospital	97%
Median Freestanding Facilities	**84%**

Source: CON application #10169, page #28, Table 9.

Inpatient Alternatives to CMR Services

The applicant discusses disadvantages and suboptimal outcomes when rehabilitation services are provided outside a licensed CMR facility, such as at a skilled nursing facility. The applicant states that in summary, CMR facilities and nursing homes provide different levels of service, with nursing homes not staffed or equipped to provide intensive rehabilitation services that hospital-based CMR can provide. The applicant does not attempt to document sub-optimal outcomes among residents of its proposed service area due to inappropriate placements among the various alternatives to CMR services.

CMR Bed Need

Below is the applicant's table to estimate CMR bed need based on the applicant's expected vs. actual CMR discharges in the PSA/SSA for the 12-month period ending June 30, 2011. For this 12-month period, the applicant estimates 5,594 patient days compared to the previously stated actual 105 patient days, had previously stated statewide average use rates prevailed. In this scenario, the applicant estimates a bed need of 19 (at 80 percent occupancy).

Expected Versus Actual CMR Discharges in the PSA/SSA
July 2010 – June 2011

	15-64	65-74	75+	Total
Discharge Rate	83.1	481.6	1,164.0	235.3
SA Population (1/2011)	243,641	23,243	18,254	285,138
Expected Discharges	202	112	212	526
Actual Discharges	73	21	11	105
Expected – Actual	129	91	201	421
Statewide ALOS	13.97	12.91	13.56	13.52
Expected Patient Days	2,822	1,446	2,875	7,143
Actual Patient Days	1,115	309	125	1,549
Expected – Actual	1,707	1,137	2,750	5,594
Bed Need @ 80% Occupancy				19

Source CON application #10169, page #34, Table 10.

The applicant applies the statewide use rate average because the applicant believes the CMR use rate within the "SA" is supressed due to the unavailability of the service within the SA.

Below is the applicant's table to estimate CMR bed need based on the applicant's expected vs. actual CMR discharges in the PSA/SSA forecasted for 2015 (the second year of operation). The applicant forecasts 6,939 patient days, provided that stated statewide average use rates prevail. In this scenario, the applicant estimates a bed need of 24 (at 80 percent occupancy).

Expected Versus Actual CMR Discharges in the PSA/SSA
Forecast Year 2015

	15-64	65-74	75+	Total

Discharge Rate	83.1	481.6	1,164.0	235.3
SA Population (7/2015)	274,943	30,156	21,739	326,838
Expected Discharges	228	145	253	626
Actual Discharges	73	21	11	105
Expected – Actual	155	124	242	521
Statewide ALOS	13.97	12.91	13.56	13.52
Expected Patient Days	3,185	1,872	3,431	8,488
Actual Patient Days	1,115	309	125	1,549
Expected – Actual	2,070	1,563	3,306	6,939
Bed Need @ 80% Occupancy				24

Source: CON application #10169, page #35, Table 11.

Using the same methodology but revised population estimates, the applicant forecasts 25 beds for 2016. The reviewer notes the applicant's financial schedules indicate the second year of operation ends December 31, 2015, with no third year schedules provided.

Utilization Forecast

Below is the applicant's summary table to account for service area and out-of-area and program total discharges, days, ADC and occupancy rates for CY 2015 and CY 2016.

Osceola Regional Medical Center (CON #10169) 28-Bed CMR Unit Projected Utilization - Years One & Two		
Calendar Year	**2015**	**2016**
Service Area discharges (65% capture rate)	339	408
Out of Area Patients Discharges	50	61
Total	389	469
Patient Days @13.5 ALOS	5,255	6,331
Total Occupancy	51.4%	61.8%
Average Daily Census	14.4	17.3

Source: CON reviewer from Tables 13 & 14 of CON application #10169, pages 37 & 38.

The applicant's estimates indicate a total ADC of 14.4 and 51.4 percent occupancy in 2015 and ADC of 17.2 and 61.8 percent occupancy in 2016.

Impact on Other District 7 Providers

The applicant states that CMR facilities in Florida "overwhelmingly" serve patients from their home counties. The applicant has previously stated an intent to serve primarily patients within its own service area, often acute care discharges from its own facility that meet CMS criteria for CMR services. Further, the applicant points out that no existing or CON approved CMR providers are within its service area. The population to be served will be primarily the elderly (age 65+) that have a tendency to seek

services nearby. Per the applicant, though significant adverse impact on any other providers is not anticipated, improved bad availability, accessibility and patient continuity of care "outweigh any negatives". Also, the applicant indicates that the project should help District 7 CMR use rates more in line with statewide norms, again, minimizing any impact on existing providers.

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.

3. General Provisions:

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states intent to provide CMR inpatient services in a hospital licensed as a specialty children's hospital.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states intent to provide CMR inpatient services on the fourth floor of its existing campus. Wuesthoff Medical Center-Rockledge is a 298-bed general acute care hospital, with 264 acute care beds, 10 Level II NICU beds and 24 adult psychiatric beds. Non-CON regulated services at the facility include Level II adult cardiovascular services and designation as a primary stroke center.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states intent to provide CMR inpatient services on its existing campus. Osceola Regional Medical Center is a 257-bed general acute care hospital, with 247 acute care beds and 10 Level II NICU beds. The applicant has provided notification to add 64 acute care beds (NF #110016). Also, the applicant has CON #9994, approved to establish a 30-bed Class I acute care hospital in Poinciana (Osceola County), Florida.

Non-CON regulated services at the existing facility include Level II adult cardiovascular services and designation as a primary stroke center.

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states the CMR unit will be organized as a separate dedicated unit for CMR services.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states the CMR unit will be on a separately organized unit on the fourth floor of the hospital.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states the CMR unit will be in a separate, new hospital unit, on a fourth floor addition to a three-story patient tower currently under construction at the hospital.

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states that the nine-bed pediatric inpatient CMR unit is properly sized to meet the need in a broad regional area and doubts there would be sufficient need anywhere in Florida to support a 20-bed pediatric CMR unit. The applicant states that the Agency has previously approved CON applications for units with fewer than 20 beds. The applicant also states the Division of Administrative Hearings has previously determined the Agency has the discretion to approve CMR units with fewer than 20 beds.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states the minimum size provision is outdated and does not take into consideration CMS regulations and the "60 percent rule". The applicant states its 15-bed CMR unit is appropriately sized to meet the rehab demands of patients cared for by the applicant and the residents within its service area. The applicant also states the Agency has approved CMR units with fewer than the 20-bed minimum.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states the 28-bed project is in compliance with this standard.

(d) Conformance with Criteria for Approval. A CON for the addition of new comprehensive medical rehabilitation beds shall not normally be approved unless the applicant meets the applicable review criteria in Section 408.035, Florida Statutes and the standards of need determination criteria set forth in this rule.

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states it has met the applicable review criteria and the standards and need criteria, or has identified special circumstances in the District 7 service area that allow for project approval.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states that the establishment of a 15-bed unit meets the demand for CMR services in the applicant's service area, that it is "good health planning" and that such planning "outweighs the implementation of five additional beds".

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states it has met the applicable rule criteria and the standards and need criteria for a 28-bed unit.

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states it conditions the application on participation in the Medicare and Medicaid programs. The applicant's Schedule C conditions for at least 40 percent of patient days annually to Medicaid, Medicaid HMO and charity patients.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states its intent to participate in the Medicare and Medicaid programs. The applicant maintains that it will ensure the provision of care to underserved/underprivileged persons by conditioning project approval on a combined nine percent of CMR patient days to a combination of Medicaid, Medicaid HMO and charity care (including self-pay) patients.

The applicant includes an HMA Company Wide Charity Care Policy (CON application #10168, Vol. 2, Tab 7). This four-page policy is titled the "Accounts Receivable and Revenue Recognition Policy," effective January 1, 2010. Charity and uninsured discounts are described on page 3 and the provision for doubtful accounts is described on pages 3 and 4.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states its intent to participate in the Medicare and Medicaid programs. The applicant refers to its Schedule 7, which projects 5.6 percent Medicaid/Medicaid HMO patient days and 67.7 percent Medicare/Medicare HMO patient days for the first two years of operation of the CMR unit. This is confirmed by the reviewer.

(4) Required Staffing and Services

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states its intent to provide a medical director of rehabilitation who is a board-certified or board-eligible physiatrist with at least two years of experience in the medical management of inpatients requiring rehabilitation services. However, the reviewer does not find this as a listed condition on the applicant's Schedule C. In Attachment 2, a curriculum vitae (CV) of the applicant's existing staff is included. The CV of Stephanie Ried, MD, MA, indicates Dr. Ried has a Florida medical license with specialty certifications, among others, from the American Board of Physical Medicine and Rehabilitation-Subspecialty Certification in Pediatric Rehabilitation and also Spinal Cord Injury Medicine. Dr. Ried's CV indicates more than two years of experience in pediatric inpatient rehabilitation. The applicant states Dr. Ried will serve as the medical director.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states the medical director of the CMR unit will be a board board-certified or board-eligible physiatrist with at least two years of experience in the medical management of inpatients requiring rehabilitation services. The applicant references Vol. 2, Tab 12 of the application, which includes the "Inpatient Rehabilitation Seven Rivers Regional Medical Center Policies and Procedures - Table of Contents". The applicant states its intent to adopt these policies and procedures. Included in this same tab are various relevant policies, procedures and job descriptions.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states the CMR program will be supervised by a board-certified physical medicine and rehabilitation specialist (physiatrist) who will serve as the medical director. The applicant anticipates recruiting a physician for this position with assistance from its corporate physician recruitment office.

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

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states its intent to have an inter-disciplinary team to provide exceptional quality care to its pediatric CMR patients, providing, at a minimum, all the services listed in 1-7 above, but also an education specialist and a therapeutic recreation/child life specialist.

The applicant provides a brief description of each CMR inpatient service on page #21 and page #40 of CON application #10167.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states its intent to provide a host of rehabilitation services, providing, at a minimum, all the services listed in 1-7 above but also including therapeutic recreation and respiratory therapy.

The applicant provides a brief description of each CMR inpatient service on pages 37-40 of CON application #10168.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states that, with the exception of rehabilitation nursing, all the services found in 1-7 above are currently available at Osceola Regional Medical Center. The applicant states rehabilitation nursing will be provided. The applicant also states its intent to provide other services, including a diabetic nurse educator, a wound care specialist, pharmacology, chaplain and other spiritual services.

The applicant provides a brief description of each CMR inpatient service on pages 46-50 of CON application #10169.

(5) Criteria for Determination of Need:

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

The fixed need pool is zero.

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states that, according to the numeric need methodology there is no need for additional CMR services. However, the applicant states its presentation of "not normal" circumstances in District 7 and in the proposed secondary service area justifies approval of the project in the absence of published need.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states that the fixed need pool indicates zero need for CMR beds in District 7. The applicant states the proposal is outside the fixed need pool in response to special, not normal circumstances related to the lack of available and accessible CMR services in the service area. Per the applicant, specific arguments that warrant approval of the project are included below.

- CMR beds are geographically inaccessible to residents of the Wuesthoff Rockledge service area with zero beds within the defined service area and the closest CMR beds between 35 and 40 miles to the south. The Agency considers need for CMR beds on a district basis.
- The only existing CMR provider in Brevard County is a joint venture partner with the Health First system thus creating a programmatic accessibility issue and hinders the continuity of care as Health First and WHS have separate medical staffs, so Wuesthoff Rockledge physicians cannot follow their patients to the Health First/HealthSouth partner facility.
- There are abnormally low discharge use rates for CMR services in District 7 and in the Wuesthoff Rockledge service area compared to the state average.
- There is a large percentage of elderly population in the Wuesthoff Rockledge service area compared to the state average.
- There is a gap in WHS's continuity of care which is otherwise complete – acute care beds, skilled nursing, assisted living, home health, medical equipment and outpatient rehabilitation. In light of the Patient Protection and Affordable Care Act, the applicant must position itself for the future where WHS will be able to offer a full array of services to compete effectively in providing quality services.
- Wuesthoff Rockledge is able to fully support a CMR program based on its own internal volume of rehab appropriate patients.
- There are zero existing acute care hospital based CMR programs in Brevard County.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states its need and access to care were previously presented (see part E.1.c. and part 3.a. of this report), regarding availability, accessibility and extent of utilization, for CON application #10169.

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

The most recent average annual District 7 occupancy rate for CMR beds was 62.17 percent.

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states it has previously presented its explanation of the circumstances existing in District 7 and the secondary service area, to justify project approval. Per the applicant, because existing facilities are able to expand their bed count without CON review, it is unlikely there will ever be a published need in District 7 or in the broader service area.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states project submission based on not normal circumstances, that this section is not applicable and that it allows for weighing and balancing as a result of the phrase no additional beds "shall normally" be approved.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states its need and access to care were previously presented (see part E.1.c. and part 3.a. of this report), regarding availability, accessibility and extent of utilization, for CON application #10169.

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

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) is not a low-income pool participating hospital or a disproportionate share hospital.

The applicant states it does not meet the requirements of this preference because, at the time the application was submitted, it did not yet have any operational history.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) is not a low-income pool participating hospital or a disproportionate share hospital. However, the applicant states it maintains a charity care policy and provides services to patients who are financially unable to pay for their care. Per the applicant, its policy and practice is to write off a patient's entire account balance for charity and indigent care patients and that this policy will extend to patients admitted to the CMR unit.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) is not a low-income pool participating hospital or a disproportionate share hospital. The applicant states its need and access to care were previously presented (see part E.1.c. and part 3.a. of this report), regarding availability, accessibility and extent of utilization, for CON application #10169.

2. An applicant proposing to serve Medicaid-eligible persons.

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states intent to serve a "substantial number and percentage" of Medicaid patients. Per the applicant's Schedule 7B, in year one and year two, the applicant will serve 49.6 percent of its total CMR patient days to Medicaid/Medicaid HMO patients. The applicant conditions the project to the provision of at least 40 percent of patient days annually to Medicaid, Medicaid HMO and charity patients.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states intent to serve indigent/charity care and Medicaid patients in its CMR unit. Per the applicant's Schedule 7B, in year one and year two, the applicant will provide 12.01 percent of its total CMR patient days to Medicaid patients. The applicant conditions the project to provide nine percent of its patient days to a combination of Medicaid, Medicaid HMO and charity care (including self-pay) patients.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) does not specifically respond to this preference. However, per the applicant's Schedule 7B, in year one and year two, the applicant will provide 5.2 percent of its total CMR patient days to Medicaid and Medicaid managed care patients. The applicant conditions that it will provide 4.5 percent of its annual CMR patient days to the combination of Medicaid, Medicaid HMO and charity (including self-pay) patients.

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states it cannot meet the requirements of this preference and cannot quality for trauma center status, as it is a specialty hospital.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) is not a designated trauma center.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) does not specifically respond to this preference. However, the applicant has previously stated that on March 30, 2012, it applied to the Florida Department of Health Office of Trauma, for provisional Level II trauma center designation. The applicant expects designation and initiation of trauma services on or before October 1, 2013.

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

The reviewer notes that the access standard is already currently met for District 7 CMR services.

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) reiterates drive time distances being in excess of two hours from District 7's major cities and Brooks Rehabilitation Hospital to

the north and Jackson Memorial Hospital to the south (see part E.1.c. CON application #10167 - Travel Time Access for Pediatric CMR Services, in this report).

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states this 120-minute standard is outdated, that the preference does not take into consideration that the majority of adult CMR users are elderly and that the elderly tend to seek services nearby. The applicant also states that the elderly will often forego inpatient CMR, even when clinically appropriate, for suboptimal but more accessible modalities, such as SNF care, home health or outpatient therapy. Per the applicant, this suboptimal care option impacts their ultimate outcome, often resulting in suboptimal recovery, longer treatment times, lower functional independence, greater chance of future debilities, need for additional care in the future and increased health care costs. The applicant provided no documentation that Brevard County patients have experienced suboptimal outcomes as a result of the current array of service providers. The applicant indicates the existing CMR providers in District 7 are either outside the applicant's service area or primarily cater to their own inpatient population. The applicant states intent to serve a nine zip code service area, in and around its planned project location, and that this would be geographically accessible to the residents within the service area.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) does not specifically respond to this preference.

(7) Quality of Care

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states intent for the project to comply with all Agency standards for licensure.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states compliance, as with all HMA hospitals in Florida, with applicable licensure standards.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states compliance, as with all HCA

hospitals in Florida, with applicable license standards, as well as with CMS Medicare conditions of participation, and will continue to do so.

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

(a) Age group to be served

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states CMR services will be to patients under age 18.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states CMR services will be predominantly to patients in the 65 and older age cohort with all patients at least 18 years of age. The applicant will serve all patients regardless of race, creed, color, sex, age or national origin, as long as they meet the admission criteria.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states CMR services will be to adults age 18 or older. The applicant expects about 70 percent of patients will be age 65+.

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states its intent to provide a wide range of CMR services to patients under age 18, with initially no specialty programs offered. However, specialty programs may be developed as the needs of the applicant's patients are identified.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states its intent to provide a CMR program focused on the CMS 13 diagnosis for the majority of patients in the program. The applicant also states its programs will be designed for patients to assure appropriate treatment, optimal outcomes and functional improvement in the shortest

time. In addition, the applicant indicates it will seek specialty certification by The Joint Commission for its stroke rehabilitation program.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states plans to offer the following specialty CMR programs, on an inpatient or outpatient basis, or both:

- Stroke Rehabilitation Program;
- Arthritis Program;
- Wound Care Program;
- Orthopedic Rehabilitation Program;
- Spasticity Management Program; and
- Balance and Vestibular Program.

The applicant provides a brief description of each CMR inpatient service on pages 61-63 of CON application #10169.

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) provides the following staffing pattern for year one and year two of its CMR program.

Staffing Pattern For CON Application #10167		
	Year One Ending 12/31/2014 Total FTEs	**Year Two Ending 12/31/2015 Total FTEs**
ADMINISTRATION		
Director of Therapy	0.50	0.50
Director of Nursing	0.20	0.20
Admissions Director	--	--
Bookkeeper	--	--
Secretary	0.70	0.70
Medical Records Clerk	--	--
Other:	--	--
Total	1.40	1.40
PHYSICIANS		
Medical Director/Physiatrist	0.50	0.50
Other: Neuropsychologist	0.40	0.40
Total	0.90	0.90
NURSING (12 HR Shifts)		
Nurse Practitioner	0.50	0.50
RNs	10.00	10.00
LPNs	--	--
CNAs	3.40	3.40
Rehabilitation Liaison	1.00	1.00
Total	14.90	14.90
ANCILLARY		
Physical Therapist	1.50	1.50
Physical Therapy Assistant	1.00	1.00
Occupational Therapist	1.50	1.50
Total	4.00	4.00
DIETARY		
Dietary Supervisor	--	--
Cooks	--	--
Dietary Aides	--	--
Total	--	--
SOCIAL SERVICES		
Social Worker	1.00	1.00
Child Life Specialist	0.40	0.40
Education Specialist	1.00	1.00
Total	2.40	2.40
HOUSEKEEPING		
Housekeeping Supervisor	--	--
Housekeepers	--	--
Total	--	--
LAUNDRY		
Laundry Supervisor	--	--
Laundry Aides	--	--
Total	--	--
PLANT MAINTENANCE		
Maintenance Supervisor	--	--
Maintenance Assistant	--	--
Security	--	--
Other:	--	--
Total	--	--
GRAND TOTAL	23.60	23.60

Source: CON Application #10167, Schedule 6A for year one and two.

Notes to Schedule 6A indicate the FTEs are based on the applicant's existing CMR program at the Alfred I. duPont Children's Hospital in Delaware. The notes further indicate that dietary, housekeeping and plant maintenance are not included here but that these costs are included in Schedule 8A in the allocations. This is confirmed by the reviewer.

Stephanie Ried, MD, MA is stated to be the medical director of the CMR unit (see part E.4.(a) of this report for details about Dr. Ried).

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) provides the following staffing pattern for year one and year two of its CMR program. The applicant states the CMR program will result in incremental staff additions, from 33 in year one to a total of 41 by year two.

Staffing Pattern For CON Application #10168					
		Year One Ending 12/31/2014		Year Two Ending 12/31/2015	
	Current Total FTEs	FTEs Added	Total FTEs	FTEs Added	Total FTEs
ADMINISTRATION					
Administrators	6	0	6.00	0	6.00
Nursing Administration	9	1	10.00	1	10.00
Accounting/Business Office/IS	114	0	114.00	1	115.00
Materials Management	10	0	10.00	0	10.00
Human Resources/Marketing	11	0	11.00	0	11.00
HIM/Quality/Med Staff Services	23	0	23.00	0	23.00
Other:	12	0	12.00	0	12.00
PHYSICIANS					
Unit/Program Director	--	0	--	--	--
Other:	--	0	--	--	--
NURSING					
RNs	330	10	340.00	12	342.00
LPNs	11	1	12.00	1	12.00
Nurses' Aides/Unit Secretary	57	7	64.00	8	65.00
Other: OR/ACC	60	0	60.00	0	60.00
ANCILLARY					
Physical Therapist/Assistants	4	4	8.00	6	10.00
Speech Therapist	1	1.5	2.50	1.5	2.50
Occupational Therapist	2	2.5	4.50	2.5	4.50
Other: Lab/Radiology/Pharmacy/RT	198	4	202.00	5	203.00
DIETARY					
Dietary Supervisor	1	0	1.00	0	1.00
Dietician/Dietician Assistant	8	0	8.00	0	8.00
Cooks/Dietary Aides	34	1	35.00	1	35.00
RESOURCE MANAGEMENT					
Social Service Director	1	0	1.00	0	1.00
Social Worker	3	0	3.00	0	3.00
Resource Managers	17	1	18.00	1	18.00
Other: Education/PI	3	0	3.00	0	3.00
HOUSEKEEPING – OUTSOURCED					
Housekeeping Supervisor	--	0	0.00	0	0.00
Housekeepers	--	0	0.00	0	0.00
LAUNDRY – OUTSOURCED					
Laundry Supervisor	--	0	0.00	0	0.00
Laundry Aides	--	0	0.00	0	0.00
PLANT MAINTENANCE					
Maintenance Supervisor	1	0	1.00	0	1.00
Maintenance Assistant	23	0	23.00	1	24.00
Security	12	0	12.00	0	12.00
Other:	0	0	0.00	0	0.00
GRAND TOTAL	951	33	984.00	41	992.00

Source: CON Application #10168, Schedule 6A for year one and two.

Notes to Schedule 6A indicate the FTEs are based on the applicant's sister facility – Seven Rivers Regional Medical Center – and that facility's CMR unit. The applicant states the FTEs are adjusted to its own forecasted patient admissions, volume, Medicare conditions of participation, anticipated patient mix and the hospital's operational plan. The applicant indicates housekeeping and laundry are a contract service.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) provides the following staffing pattern for year one and year two of its CMR program.

Staffing Pattern For CON application #10169		
	Year One Ending 12/31/2014 Total FTEs	**Year Two Ending 12/31/2015 Total FTEs**
ADMINISTRATION		
Program Director	1.00	1.00
Manager	1.00	1.00
Admissions Coordinator	--	--
Outreach Coordinator	1.00	1.00
PAI Coordinator	1.00	1.00
Medical Records Clerk	--	--
Other:	--	--
Total	4.00	4.00
PHYSICIANS		
Medical Director/Physiatrist	0.50	1.00
Other:	--	--
Total	0.50	1.00
NURSING (12 HR Shifts)		
Charge Nurse/Clinical Coordinator	1.00	1.00
RNs	8.40	8.40
LPNs	4.20	7.00
CNAs	4.20	4.20
Unit Secretary	0.70	1.40
Total	18.50	22.00
ANCILLARY		
Inpatient Therapy Manager	1.00	1.00
Physical Therapist	2.00	2.25
Physical Therapy Assistant	1.00	1.50
Speech Therapist	1.25	1.50
Occupational Therapist	2.00	2.25
Occupational Therapy Assistant	1.00	1.50
Total	8.25	10.00
DIETARY		
Dietary Supervisor	--	--
Cooks	--	--
Dietary Aides	--	--
Total	--	--
SOCIAL SERVICES		
Social Worker/Case Manager	1.00	1.00
Activity Director	--	--
Activities Assistant	--	--
Total	1.00	1.00
HOUSEKEEPING		
Housekeeping Supervisor	--	--
Housekeepers	--	--
Total	--	--
LAUNDRY		
Laundry Supervisor	--	--
Laundry Aides	--	--
Total	--	--
PLANT MAINTENANCE		
Maintenance Supervisor	--	--
Maintenance Assistant	--	--
Security	--	--
Other:	--	--
Total	--	--
GRAND TOTAL	32.25	38.00

Source: CON Application #10169, Schedule 6A for year one and two.

Notes to Schedule 6A indicate non-patient care services such as dietary, housekeeping, laundry and plant maintenance are provided directly by the hospital and are allocated on Schedule 8A. This is confirmed by the reviewer.

The applicant states "a number" of these positions are currently used at Osceola Regional Medical Center. The applicant also discusses training and experience requirements for some of these positions, along with a "culture of safety" training program.

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states a history of successful recruitment of all planned positions and expects that, upon CON approval, it would take no longer than two months to fill these positions from initiation of the recruitment process.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states numerous recruitment methods to staff the CMR unit, some of them being in-house job postings, HMA corporate recruiting and other HMA hospitals around the country, professional recruitment firms, participation in local job fairs, advertisement in local newspapers/specialty newsletters/ magazines, referral bonuses for selection positions, along with other methods.

For retention, the applicant states ongoing activities including approximately 750 continuing education courses, generous continuing education allowances and other professional reimbursements. The applicant provides a long list of education courses (CON application #10169, Vol. 2, Tab 4).

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) expects "no unusual difficulties" in meeting the recruitment needs of the CMR unit and states some of the personnel required may be reassigned from the existing hospital, but that others will be recruited. The applicant indicates some of its recruitment methods include promotion from within when possible, promotion and recruitment within HCA, corporate recruitment personnel and resources, professional recruiting agencies, advertisement in local, state and national media and professional publications.

(e) Expected sources of patient referrals

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) references its letters of support from local physicians and health care providers as expected sources. The applicant specifically references a support letter from Todd Maugans, MD, FAAP, Chief, Division of Neurosurgery, Nemours Children's Hospital. Dr. Maugans states in his support letter, "I anticipate referring dozens of my patients to this program annually" (CON application #10167, Attachment 4-Letters of Support).

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) expects its CMR unit patients to come "primarily" from the hospital's own units (discharge from within the hospital). Some are expected from nursing homes as well as some being from Wuesthoff Progressive Care Center.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) expects its CMR patients to be referred from the hospital's own acute care patients, "who need, and can benefit from, a more aggressive level of medical rehabilitation". Referrals are also expected from area nursing homes and other acute care hospitals in the area.

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) expects 1,585 total patient days in year one and 2,218 patient days in year two. The expected payer mix for the first two years is shown below.

Nemours Children's Hospital (CON application #10167) Projected CMR Payer Mix for Fiscal Years 2015 & 2016				
	Ending 12/31/2015		Ending 12/31/2016	
	Patient Days	Percent	Patient Days	Percent
Commercial Insurance HMO/PPO	707	44.6%	990	44.6%
Medicaid	658	41.5%	921	41.5%
Medicaid HMO	129	8.1%	180	8.1%
Other Payers	57	3.6%	80	3.6%
Self-Pay/Charity	34	2.1%	47	2.1%
Medicare	0	0.0%	0	0.0%
Medicare HMO	0	0.0%	0	0.0%
Total	1,585	99.9%	2,218	99.9%

Source: CON application #10167, Schedule 7B.

The applicant expects its CMR use rates to be similar to those in District 4 and District 11 (based on the presence of pediatric CMR providers in those markets). The applicant also expects target use rates by the second year. The applicant provides the following table to show discharge, ALOS, patient days, ADC and occupancy for year one and year two.

Projected CMR Utilization

	Year One	Year Two
Discharges	88	123
ALOS	18	18
Patient Days	1,584*	2,218
ADC	4.34	6.08
Occupancy	48.2%	67.5%

Source: CON application #10167, page #45.
NOTE: (*) The applicant's Schedule 7B indicates total patient days of 1,584. However, an arithmetic calculation of patient days for each payer mix category indicates 1,585 total patient days.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) presents the following information showing payer type in years one and two of the proposed project.

Wuesthoff Medical Center-Rockledge's Projected CMR Payer Mix				
	Year One (2014)		Year Two (2015)	
Payer	Patient Days	Percent	Patient Days	Percent
Medicare	1,424	41.01%	1,908	41.2%
Medicare HMO	0	0.00%	0	0.00%
Medicaid	768	12.01%	795	12.01%
Medicaid HMO	0	0.00%	0	0.00%
Commercial Insurance	591	17.02%	787	16.99%
Other Managed Care	973	28.02%	1,296	27.98%
Self-Pay/Charity	67	1.93%	84	1.81%
Total	**3,823**	**99.99%**	**4,870**	**99.99%**

Source: CON application #10168, Schedule 7B.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) presents the following information showing payer type in years one and two of the proposed project.

Osceola Regional Medical Center Projected CMR Payer Mix				
	Year One (2014)		Year Two (2015)	
Payer	**Patient Days**	**Percent**	**Patient Days**	**Percent**
Medicare	3,327	63.5%	4,011	63.5%
Medicare HMO	219	4.2%	264	4.2%
Medicaid	210	4.0%	254	4.0%
Medicaid HMO	85	1.6%	103	1.6%
Commercial Insurance	0	0.0%	0	0.0%
Commercial Ins HMO/PPO	1,178	22.5%	1,421	22.5%
Other Payer	155	3.0%	187	3.0%
Self-Pay/Charity	63	1.2%	76	1.2%
Total	**5,239**	**100.0%**	**6,316**	**100.00%**

Source: CON application #10169, Schedule 7B.

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states a policy to provide care, at either a discount or at no charge, to the hospital's patients who qualify for participation in Nemours' financial assistance programs. The applicant also states Nemours will provide care for emergency medical conditions, without discrimination, regardless of the patient's ability to pay.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states it maintains a charity care policy and provides services to patients who are financially unable to pay for their care. Per the applicant, its "policy and practice" at Wuesthoff Medical Center "is to write off a patient's entire account balance for charity and indigent care patients" and that this policy will extend to patients admitted to the CMR unit. Further, the applicant maintains that it will ensure the provision of care to underserved/underprivileged persons by conditioning project approval to a combined nine percent of CMR patient days to a combination of Medicaid, Medicaid HMO and charity care (including self-pay) patients.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states it extends and will continue to extend services to all patients in need of care regardless of the ability to pay or source of payment. The applicant conditions that it will provide 4.5 percent of its annual CMR patient days to the combination of Medicaid, Medicaid HMO and charity (including self-pay) patients.

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

(a) 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.

(b) Within 45 days after the end of each calendar year, facilities shall provide a report of the number of comprehensive medical rehabilitation days which occurred during the year, by principal diagnosis coded consistent with the International Classification of Diseases (ICD-9).

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states it will participate in the data collection activities of the Agency and the local health council and will participate in the data collection activities in accordance with Chapter 408, Florida Statutes. In addition, the applicant states it will provide sufficient data to demonstrate compliance with the program conditions associated with the project.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states it currently complies with reporting requirements of the Agency and the local health council and will timely report relevant CMR program data, in addition to sufficient data to demonstrate compliance with its stated conditions for the project.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states it currently reports to the Agency or its designee its inpatient acute care discharge data consistent with this provision, and will report similar data for patients discharged from the proposed unit.

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.

As of June 8, 2012, District 7 had 173 licensed and 63 approved CMR beds. During the 12-month period ending December 31, 2011, District 7's 173 licensed CMR beds experienced 62.17 percent utilization. The three co-batched applicants are applying outside of the fixed need pool.

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167):

Availability

The applicant indicates that according to CARF, 19 providers in Florida were accredited to serve pediatric patients in 2011. The applicant states one pediatric CMR provider in District 6, Tampa General Hospital, which served 11 pediatric rehabilitation patients in 2011. The applicant points out that all services at Nemours Children's Hospital are designed for, and dedicated to, pediatric patients; that there are no pediatric CMR services in its service area and that the nearest pediatric CMR provider (Brooks Rehabilitation Hospital) is more than 120 miles from Nemours Children's Hospital.

Quality of Care

The applicant indicates that rehabilitation through an outpatient service or a home health environment does not offer the same intensity and structure of services or the ability to care for complex patients. The applicant states its project will achieve the highest level of functional outcome for post-acute pediatric patients in the service area.

Efficiency

The applicant indicates that the use of the hospital's policies, procedures and protocols, utilizing existing staff and hospital space, will minimize the overall cost of the project.

Accessibility

The applicant indicates no pediatric CMR services within its primary and secondary service areas and that the closest provider that serves a "material number" of these pediatric patients, Brooks in Jacksonville, is 120 miles and 125 minutes from Nemours Children's Hospital.

Extent of Utilization

The applicant restates its accessibility argument.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168):

Availability and Extent of Utilization

The applicant indicates zero CMR beds in the service area, with the only CMR in Brevard County being HealthSouth Sea Pines Hospital (stated to be part of the Health First/HealthSouth joint venture). The current situation is stated to result in a break in continuity of care, that Health First is Brevard County's largest health care system and Wuesthoff Health System's (WHS's) biggest competition. Per the applicant, this places Wuesthoff-Rockledge at a competitive disadvantage because Health First has CMR beds and WHS does not.

The applicant indicates clinical continuity and programmatic access is a "clear advantage to the patient" and would be achieved through the project. The applicant provides no documentation of an access or quality of care problem associated with the current referral patterns of patients in need of CMR services.

Accessibility and Extent of Utilization

Per the applicant, in the current arrangement, all existing CMR providers in District 7 are outside the applicant's defined nine zip code service area and thereby inaccessible to those residents. The applicant indicates that Brevard County's CMR bed inventory is "unbalanced" with all beds situated in one facility (HealthSouth Sea Pines Hospital). The reviewer notes the applicant indicated that all licensed and approved CMR providers in District 7 are within the two-hour drive time of the applicant's site. However, per the applicant, this 120-minute standard is outdated, does not take into consideration that the majority of adult CMR users are elderly and that the elderly tend to seek services nearby.

The applicant also stated previously that the elderly will often forego inpatient CMR, even when clinically appropriate, for suboptimal but more accessible modalities, such as SNF care, home health or outpatient therapy. The applicant did not provide documentation to support this assertion.

Quality of Care

The applicant expects the project will enhance quality of care because patients will experience improved outcomes due to a currently unavailable level of care at the hospital or within its service area. The applicant did not provide documentation that there are quality of care problems associated with current CMR referral patterns.

Efficiency

The applicant states it will be an efficient/cost-effective provider of CMR services at a reasonable price.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) states that all the evidence supporting need for the project, with the exception of quality of care, was discussed previously (see part E.1.c, CON application #10169). The applicant does not address the quality of care at existing CMR providers in the district.

Per the applicant, none of the rehabilitation facilities or units within District 7 is a "realistic alternative for CMR-eligible patients being discharged from the acute care setting at Osceola Regional Medical Center". However, the applicant provides no documentation that patients in need of CMR services have difficulty obtaining them.

In summary, the applicant states and has previously stated the following:

- A gap between actual and expected CMR discharges in District 7;
- CMR services are a "step-down" level of care to patients' overall recovery from illness/injury;
- Changing Medicare reimbursement regulations have rendered larger hospital-based CMR units somewhat obsolete;
- CMR beds in too few hospitals
- Only three CMR units are in District 7's 21 acute care hospitals, with none of these three units located in Osceola County;
- CMR appropriate patients are often discharged to SNF or other long-term care units and receive limited care or forego treatment.

The applicant indicates that none of the CMR providers in District 7 are utilized by patients residing in the applicant's service area, to any "appreciable" extent.

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 Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) states it has been a leader in research and improvement of quality of care for pediatric patients. Its Joint Commission accreditations are discussed, along with the Nemours/Alfred I. duPoint Hospital, in most cases, exceeding the national patient safety goals. The applicant also states Nemours is a pioneer, recognized by The Joint Commission for its efforts to measure pediatric health care. In summary, the applicant presents the following four quality characteristics.

- Pedi-QS is stated to be the national pediatric quality system adopted by The Joint Commission as a prototype to improve care for children in a measurable way.
- Nemours clinical management program is stated to integrate clinical information from various sources into a system of computerized data to identify and promulgate practices that achieve superior outcomes.
- Nemours biomedical research is stated to improve the health of children to move discoveries rapidly from lab to bedside, to practice and to community.
- The electronic health record is stated to be another avenue to achieve both clinical quality and safety.

The applicant includes the *Nemours Orlando Children's Hospital, 2006 Quality and Safety System Management Plan* (CON application #10167, Attachment 13) and indicates that this quality of care plan will be continued into the project. This 12-page plan includes major headings of quality, performance improvement and safety.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) states it has a history of providing quality care and will continue to do so with the project. The applicant provides its recent Joint Commission accreditation of itself and its sister facility, Wuesthoff-Melbourne (CON application #10168, Vol. 2, Tab 9). The applicant states plans to seek Joint Commission disease-specific certification of its stroke rehabilitation program which it will initiate immediately upon licensure.

The applicant further provides a 22-page *Plan for Patient Safety and Quality Improvement 2011/2012-Wuesthoff Health System* (CON application #10168, Vol. 2, Tab 10).

The applicant indicates that existing hospital policies and procedures for its proposed Department of Rehabilitation will be modified as necessary to incorporate them into the project.

Per the applicant, the Uniform Data System (UDS) is the "most widely used system in the world" for documenting severity of patient disability and outcomes for medical rehabilitation. Again, per the applicant, the UDS will be used for the proposed project, just as it is also used by the CMR program at Seven Rivers Regional Medical Center. The applicant indicates patient improvement will be measured by a functional independence measure score, with a FIM score upon program discharge minus a FIM score upon admission being the "FIM gain" or patient progress. The applicant also discusses that activities of daily living (ADL) training will be coordinated through occupational therapy services. All these measures and programs are stated to result in optimum outcomes.

The parent, HMA, has 23 licensed hospitals in Florida with a total of 3,036 beds. Agency data indicates that HMA affiliated hospitals had 83 substantiated complaints from September 5, 2009 to September 5, 2012. A single complaint can encompass multiple complaint categories. The table below has these listed by complaint categories.

HMA Substantiated Complaint Categories in the Past 36 Months

Complaint Category	Number Substantiated
Quality of Care/Treatment	44
Nursing Services	21
Resident/Patient/Client Assessment	15
Administration/Personnel	11
Resident/Patient/Client Rights	10
Emergency Access	9
Admission, Transfer & Discharge Rights	8
Physician Services	6
Infection Control	4
EMTALA	3
Resident/Patient/Client Abuse	2
State Licensure	2
Unqualified Personnel	2
Medicine Prob/Errors/Formulary	2
Physical Environment	2
Discharge Planning	1
Dietary Services	1
Falsification of Records/Reports	1
Pressure Sores	1
Restraints/Seclusion General	1

Source: Agency for Health Care Administration complaint records.

Wuesthoff Medical Center-Rockledge had eight substantiated complaints during the three-year period ending September 5, 2012. These substantiated complaints are identified in the table below.

Wuesthoff Medical Center-Rockledge
Substantiated Complaint Categories in the Past 36 Months

Complaint Category	Number Substantiated
Quality of Care/Treatment	3
Emergency Access	2
Admission, Transfer & Discharge	1
EMTALA	1
Unqualified Personnel	1

Source: Agency for Health Care Administration complaint records.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) provides Joint Commission hospital accreditation, with Joint Commission advanced certification in stroke and Joint Commission special quality awards in heart attack, heart failure, pneumonia and surgical care, in addition to "Gold Plus Get With The Guidelines-Stroke" from the American Heart and Stroke Association (CON application #10169, Vol 2, Tab 4). The applicant also states numerous other awards of distinction.

The applicant states its provision of the following areas of "highly specialized care" is evidence of its ability and commitment to develop, implement and operate high quality/specialized programs:

- Accredited Cancer Care;
- Excellent Emergency Department;
- Heart & Vascular Care;
- Neurosciences and Stroke Care;
- Orthopedics and Spine Surgery
- Imagining Services;
- Advanced Surgical Care;
- Women's Services; and
- Wound Care.

The applicant discusses various quality and patient safety programs (CON application #10169, page 70-77). Some of these include "hCare Electronic Health Record" and UDS-Uniform Data System data utilization and records. In addition, the applicant states that the American Medical Rehabilitation Providers Association (AMRPA) is the only trade organization dedicated solely to the interests of rehab, that all of HCA's (the parent's) rehab programs are members of AMRPA and that one of the HCA's regional vice presidents currently serves on the AMRPA's Medical Necessity Committee. Per the applicant, this show's its and its parent's commitment to rehabilitation services.

Per the applicant, the project will be incorporated into the hospital's existing care delivery and performance improvement structure. The applicant provides various hospital-wide policies and procedures (CON application #10169, Vol. 2, Tab 5). The applicant further provides a *Rehabilitation Program Performance Improvement Indicators 2012* draft, along with other drafts of related policies that would apply to the project.

The parent, HCA, has 45 licensed hospitals in Florida with a total of 10,419 beds. Agency data indicates that HCA affiliated hospitals had 160 substantiated complaints during the three year period ending September 5, 2012. A single complaint can encompass multiple complaint categories. The table below has these listed by complaint categories.

HCA Substantiated Complaint Categories in the Past 36 Months

Complaint Category	Number Substantiated
Quality of Care/Treatment	81
Nursing Services	45
Resident/Patient/Client Rights	36
Emergency Access	23
Resident/Patient/Client Assessment	23
Admission, Transfer & Discharge Rights	13
Administration/Personnel	12
EMTALA	10
Physician Services	7
Resident/Patient/Client Abuse	5
Restraints/Seclusion General	3
Physical Environment	3
Falsification of Records/Reports	3
Pharmaceutical Services	3
Discharge Planning	2
Dietary Services	2
Life Safety Code	2
Medicine Prob/Errors/Formulary	2
Infection Control	1
Environment	1
Cause for Denial	1
Plan of Care	1
State Licensure	1
Unqualified Personnel	1
Specimen Handling	1
Environment	1
State Licensure	1

Source: Agency for Health Care Administration complaint records.

Osceola Regional Medical Center had six substantiated complaints during the three-year period ending September 5, 2012. These substantiated complaints are identified in the table below.

Osceola Regional Medical Center
Substantiated Complaint Categories in the Past 36 Months

Complaint Category	Number Substantiated
Admission, Transfer & Discharge Rights	2
Quality of Care/Treatment	2
Resident/Patient/Client Abuse	1
Resident/Patient/Client Rights	1

Source: Agency for Health Care Administration complaint records.

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

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167): The audited financial statements were reviewed to assess the financial position as of the balance sheet date and the financial strength of its operations for the period presented. The financial impact of the project will include the project cost of $586,053 and year two incremental operating costs of $4,911,209.

Short-Term Position (Applicant):
The applicant's current ratio of 1.4 is below average and indicates current assets are one-and-a-half times current liabilities, an adequate position. The ratio of cash flows to current liabilities of 0.6 is below average, a moderately weak position. The working capital (current assets less current liabilities) of $62.8 million is a measure of excess liquidity that could be used to fund capital projects. Overall, the applicant has an adequate short-term position. (See Table 1 below).

Long-Term Position (Applicant):
The ratio of long-term debt to net equity of 0.5 indicates the applicant has some equity to borrow against. This is slightly below average and increases the likelihood that the applicant could acquire additional debt if needed, a good position. The ratio of cash flow to assets of 5.8 percent is below average and a moderately weak position. The most recent year had operating income of $76.4 million, which results in an operating margin of 9.9 percent. Overall the applicant has a good long-term position. It should be noted that the applicant is entitled to substantially all of the income earned by the Alfred I. duPont Testamentary Trust (Trust) for use in the performance of its activities. During 2011 and 2010, the applicant received total distributions from the Trust totaling $125.2 million and $112.3 million respectively. These distributions were recognized as revenue and other support in the audited financial statements. (See Table 1 below).

TABLE 1

The Nemours Foundation

	12/31/2011	12/31/2010
Current Assets (CA)	$225,347,313	$227,309,465
Cash and Current Investment	$131,360,594	$128,894,747
Total Assets (TA)	$1,670,510,558	$1,588,536,435
Current Liabilities (CL)	$162,528,615	$154,431,446
Total Liabilities (TL)	$662,414,983	$600,621,253
Net Assets (NA)	$1,008,095,575	$987,915,182
Total Revenues (TR)	$771,537,354	$708,602,663
Interest Expense (Int)	$1,317,867	$652,986
Excess of Revenues Over Expenses (ER)	$76,389,238	$71,689,811
Cash Flow from Operations (CFO)	$97,688,988	$92,901,179
Working Capital	$62,818,698	$72,878,019

FINANCIAL RATIOS

	12/31/11	12/31/10
Current Ratio (CA/CL)	1.4	1.5
Cash Flow to Current Liabilities (CFO/CL)	0.6	0.6
Long-Term Debt to Net Assets (TL-CL/NA)	0.5	0.5
Times Interest Earned (ER+Int/Int)	59.0	110.8
Net Assets to Total Assets (NA/TA)	60.3%	62.2%
Operating Margin (ER/TR)	9.9%	10.1%
Return on Assets (ER/TA)	4.6%	4.5%
Operating Cash Flow to Assets (CFO/TA)	5.8%	5.8%

Capital Requirements:
Schedule 2 indicates the applicant has capital projects totaling $481,543,789 million, which includes the CON application subject to this review.

Available Capital:
Funding for this project will come from cash on hand. The audited financial statements of the applicant for the most recent year show a cash and current investment balance of $131.4 million and $62.8 million in working capital with a current ratio of 1.4. The audit also indicated that operating cash flow was $97.7million with operating income of $76.4 million and a margin of 9.9 percent.

Staffing:

Staffing Pattern For CON application #10167		
	Year One Ending 12/31/2014 Total FTEs	**Year Two Ending 12/31/2015 Total FTEs**
ADMINISTRATION		
Director of Therapy	0.50	0.50
Director of Nursing	0.20	0.20
Admissions Director	--	--
Bookeeper	--	--
Secretary	0.70	0.70
Medical Records Clerk	--	--
Other:	--	--
Total	1.40	1.40
PHYSICIANS		
Medical Director/Physiatrist	0.50	0.50
Other: Neuropsychologist	0.40	0.40
Total	0.90	0.90
NURSING (12 HR Shifts)		
Nurse Practitioner	0.50	0.50
RNs	10.00	10.00
LPNs	--	--
CNAs	3.40	3.40
Rehabilitation Liaison	1.00	1.00
Total	14.90	14.90
ANCILLARY		
Physical Therapist	1.50	1.50
Physical Therapy Assistant	1.00	1.00
Occupational Therapist	1.50	1.50
Total	4.00	4.00
DIETARY		
Dietary Supervisor	--	--
Cooks	--	--
Dietary Aides	--	--
Total	--	--
SOCIAL SERVICES		
Social Worker	1.00	1.00
Child Life Specialist	0.40	0.40
Education Specialist	1.00	1.00
Total	2.40	2.40
HOUSEKEEPING		
Housekeeping Supervisor	--	--
Housekeepers	--	--
Total	--	--
LAUNDRY		
Laundry Supervisor	--	--
Laundry Aides	--	--
Total	--	--
PLANT MAINTENANCE		
Maintenance Supervisor	--	--
Maintenance Assistant	--	--
Security	--	--
Other:	--	--
Total	--	--
GRAND TOTAL	23.60	23.60

Source: CON application #10167, Schedule 6A for year one and two.

Conclusion:

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

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168): The audited financial statements of the parent for the periods ending December 31, 2010 and 2011 were analyzed for the purpose of evaluating the applicant's ability to provide the capital and operational funding necessary to implement the project. Schedule 3 of the application indicates that the parent will provide funding for this project. The financial impact of the project will include the project cost of $1,844,319 and year two incremental operating costs of $4,032,000.

Short-Term Position (Parent):
The parent's current ratio of 2.9 is above average and indicates current assets are approximately 2.9 times current liabilities, a good position. The ratio of cash flows to current liabilities of 2.3 is above average and a good position. The working capital (current assets less current liabilities) of $235 million is a measure of excess liquidity that could be used to fund capital projects. Overall, the parent has a strong short-term position. (See Table 1 below).

Long-Term Position (Parent):
The ratio of long-term debt to net equity of 0.1 indicates long-term debt is only 10 percent of equity. This is well below average and increases the likelihood that the parent could acquire additional debt if needed, a good position. The ratio of cash flow to assets of 11.4 percent is above average and a good position. The most recent year had revenues in excess of expenses of $188.6 million which resulted in a 9.9 percent operating margin. Overall, the parent has a good long-term position. (See Table 1 below).

TABLE 1

Health Management Associates, Inc.

	12/31/2011	12/31/2010
Current Assets (CA)	$355,760,147	$357,354,185
Cash and Current Investment	$4,164,461	$1,723,054
Total Assets (TA)	$2,425,088,460	$2,285,302,067
Current Liabilities (CL)	$120,657,335	$115,170,031
Total Liabilities (TL)	$400,107,089	$429,056,172
Net Assets (NA)	$2,024,981,371	$1,856,245,895
Total Revenues (TR)	$1,909,115,226	$1,591,946,643
Interest Expense (Int)	$2,426,387	$2,362,147
Excess of Revenues Over Expenses (ER)	$188,636,326	$164,801,822
Cash Flow from Operations (CFO)	$275,297,269	$161,077,131
Working Capital	$235,102,812	$242,184,154

FINANCIAL RATIOS

	12/31/11	12/31/10
Current Ratio (CA/CL)	2.9	3.1
Cash Flow to Current Liabilities (CFO/CL)	2.3	1.4
Long-Term Debt to Net Assets (TL-CL/NA)	0.1	0.2
Times Interest Earned (ER+Int/Int)	78.7	70.8
Net Assets to Total Assets (NA/TA)	83.5%	81.2%
Operating Margin (ER/TR)	9.9%	10.4%
Return on Assets (ER/TA)	7.8%	7.2%
Operating Cash Flow to Assets (CFO/TA)	11.4%	7.0%

Capital Requirements:
Schedule 2 indicates the applicant has capital projects totaling $16,044,319 million, which includes the CON subject to this review.

Available Capital:
The applicant indicates that funding for this applicant will be provided by its parent company, Health Management Associates (HMA). The audited financial statements of the parent for the most recent year show a cash balance of approximately $4.2 million and $235.1 million in working capital with a current ratio of 2.9. The audit also indicated that operating cash flow was $275.3 million with revenues in excess of expenses of $188.6 million with a margin of 9.9 percent. It appears that HMA has current funds available to cover the proposed project.

Staffing:

Staffing Pattern For CON application #10168					
		Year One Ending 12/31/2014		Year Two Ending 12/31/2015	
	Current Total FTEs	FTEs Added	Total FTEs	FTEs Added	Total FTEs
ADMINISTRATION					
Administrators	6	0	6.00	0	6.00
Nursing Administration	9	1	10.00	1	10.00
Accounting/Business Office/IS	114	0	114.00	1	115.00
Materials Management	10	0	10.00	0	10.00
Human Resources/Marketing	11	0	11.00	0	11.00
HIM/Quality/Med Staff Services	23	0	23.00	0	23.00
Other:	12	0	12.00	0	12.00
PHYSICIANS					
Unit/Program Director	--	0	--	--	--
Other:	--	0	--	--	--
NURSING					
RNs	330	10	340.00	12	342.00
LPNs	11	1	12.00	1	12.00
Nurses' Aides/Unit Secretary	57	7	64.00	8	65.00
Other: OR/ACC	60	0	60.00	0	60.00
ANCILLARY					
Physical Therapist/Assistants	4	4	8.00	6	10.00
Speech Therapist	1	1.5	2.50	1.5	2.50
Occupational Therapist	2	2.5	4.50	2.5	4.50
Other: Lab/Radiology/Pharmacy/RT	198	4	202.00	5	203.00
DIETARY					
Dietary Supervisor	1	0	1.00	0	1.00
Dietician/Dietician Assistant	8	0	8.00	0	8.00
Cooks/Dietary Aides	34	1	35.00	1	35.00
RESOURCE MANAGEMENT					
Social Service Director	1	0	1.00	0	1.00
Social Worker	3	0	3.00	0	3.00
Resource Managers	17	1	18.00	1	18.00
Other: Education/PI	3	0	3.00	0	3.00
HOUSEKEEPING – OUTSOURCED					
Housekeeping Supervisor	--	0	0.00	0	0.00
Housekeepers	--	0	0.00	0	0.00
LAUNDRY – OUTSOURCED					
Laundry Supervisor	--	0	0.00	0	0.00
Laundry Aides	--	0	0.00	0	0.00
PLANT MAINTENANCE					
Maintenance Supervisor	1	0	1.00	0	1.00
Maintenance Assistant	23	0	23.00	1	24.00
Security	12	0	12.00	0	12.00
Other:	0	0	0.00	0	0.00
GRAND TOTAL	951	33	984.00	41	992.00

Source: CON application #10168, Schedule 6A for year one and two.

Conclusion:

With the support of its parent company, the applicant appears to have the financial resources necessary to fund this project and all capital projects listed on Schedule 2.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) provides the parent company's (HCA Holding) December 31, 2011 10-K. These statements were analyzed for the purpose of evaluating the parent's ability to provide the capital and

operational funding necessary to implement the project. The financial impact of the project will include the project cost of $14,341,633 and year two incremental operating costs of $7,340,379.

Short-Term Position (Parent):
The parent's current ratio of 1.3 is below average and indicates current assets are approximately 1.3 times current liabilities, an adequate position. The working capital (current assets less current liabilities) of $1,679 million is a measure of excess liquidity that could be used to fund capital projects. The ratio of cash flow to current liabilities of 0.7 is slightly below average and an adequate position. Overall, the parent has an adequate short-term position. (See Table 1 below).

Long-Term Position (Parent):
The ratio of long-term debt to net assets of negative four is well below average and indicates that long-term debt exceeds equity and is a weak position. Total liabilities also exceed total assets, resulting in negative equity, a weak position. With long-term debt well above equity and total liabilities exceeding total assets, the applicant may have difficulty acquiring future debt in an arms-length transaction. The ratio of cash flow to assets of 14.6 percent is above average and an adequate position. The most recent year had revenues in excess of expenses of $3,561 million which resulted in a 12 percent operating margin. Overall, the parent has an adequate long-term position. (See Table 1 below).

TABLE 1 Osceola Regional Medical Center CON application #10169 (in millions)	HCA Holdings, Inc.(Parent) 12/31/11	HCA Holdings, Inc.(Parent) 12/31/10
Current Assets (CA)	$7,233	$6,919
Cash and Current Investment	$373	$411
Total Assets (TA)	$26,898	$23,852
Current Liabilities (CL)	$5,554	$4,269
Goodwill	$5,251	$2,693
Total Liabilities (TL)	$33,912	$34,646
Net Assets (NA)	($7,014)	($10,794)
Total Revenues (TR)	$29,682	$28,035
Interest Expense (Int)	$2,037	$2,097
Excess of Revenues Over Expenses (ER)	$3,561	$2,231
Cash Flow from Operations (CFO)	$3,933	$3,085
Working Capital	$1,679	$2,650
FINANCIAL RATIOS		
	12/31/11	**12/31/10**
Current Ratio (CA/CL)	1.3	1.6
Cash Flow to Current Liabilities (CFO/CL)	0.7	0.7
Long-Term Debt to Net Assets (TL-CL/NA)	-4.0	-2.8
Times Interest Earned (ER+Int/Int)	2.7	2.1
Net Assets to Total Assets (NA/TA)	-26.1%	-45.3%
Operating Margin (ER/TR)	12.0%	8.0%
Return on Assets (ER/TA)	13.2%	9.4%
Operating Cash Flow to Assets (CFO/TA)	14.6%	12.9%

Capital Requirements:
Schedule 2 indicates the applicant has capital projects totaling $89.8 million, which includes the CON application subject to this review.

Available Capital:
The applicant indicates on Schedule 3 that funding for the project will be provided by the parent. A letter from the parent's treasurer in support of the related company financing was included. The parent's 2011 10-K filings show $1,679 million in working capital and $3,933 million in cash flow from operations.

Staffing:

Staffing Pattern For CON application #10169		
	Year One Ending 12/31/2014 Total FTEs	**Year Two Ending 12/31/2015 Total FTEs**
ADMINISTRATION		
Program Director	1.00	1.00
Manager	1.00	1.00
Admissions Coordinator	--	--
Outreach Coordinator	1.00	1.00
PAI Coordinator	1.00	1.00
Medical Records Clerk	--	--
Other:	--	--
Total	4.00	4.00
PHYSICIANS		
Medical Director/Physiatrist	0.50	1.00
Other:	--	--
Total	0.50	1.00
NURSING (12 HR Shifts)		
Charge Nurse/Clinical Coordinator	1.00	1.00
RNs	8.40	8.40
LPNs	4.20	7.00
CNAs	4.20	4.20
Unit Secretary	0.70	1.40
Total	18.50	22.00
ANCILLARY		
Inpatient Therapy Manager	1.00	1.00
Physical Therapist	2.00	2.25
Physical Therapy Assistant	1.00	1.50
Speech Therapist	1.25	1.50
Occupational Therapist	2.00	2.25
Occupational Therapy Assistant	1.00	1.50
Total	8.25	10.00
DIETARY		
Dietary Supervisor	--	--
Cooks	--	--
Dietary Aides	--	--
Total	--	--
SOCIAL SERVICES		
Social Worker/Case Manager	1.00	1.00
Activity Director	--	--
Activities Assistant	--	--
Total	1.00	1.00
HOUSEKEEPING		
Housekeeping Supervisor	--	--
Housekeepers	--	--
Total	--	--
LAUNDRY		
Laundry Supervisor	--	--
Laundry Aides	--	--
Total	--	--
PLANT MAINTENANCE		
Maintenance Supervisor	--	--
Maintenance Assistant	--	--
Security	--	--
Other:	--	--
Total	--	--
GRAND TOTAL	32.25	38.00

Source: CON application #10169, Schedule 6A for year one and two.

Conclusion:
With the support of its parent company, the applicant appears to have the financial resources necessary to fund this project and all capital projects listed on Schedule 2.

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

A comparison of each of the three co-batched applicant's estimates to the control group values provides for an objective evaluation of financial feasibility, (the likelihood that the services can be provided under the parameters and conditions contained in Schedules 7 and 8), and efficiency, (the degree of economies achievable through the skill and management of the applicant). In general, projections that approximate the median are the most desirable, and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible, because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the lowest in the group, it is less likely that the project is feasible, because a much higher level of economies must be realized to achieve the desired outcome. These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go beyond the relevant range of outcomes, revenues and expenses may either go beyond what the market will tolerate, or may decrease to levels where activities are no longer sustainable.

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167): Since this is an application for adding CMR beds to an existing hospital, staff believes that this project should be viewed as part of the overall hospital and was compared to the Specialty Hospital Group. However, because the applicant did not provide combined (hospital plus project) projected revenues and patient days on Schedule 7A, staff cannot calculate an adjusted patient day number for the overall hospital operations. Therefore, a comparison to Group 14 was not possible. Instead, staff compared the specific project with the hospitals in Peer Group 18 (Rehabilitation Group).

Comparative data were derived from hospitals in peer groups that reported data in 2011. The standardized net revenue and cost per adjusted patient day were adjusted using the average case mix score for Group 18 (1.2278). Per diem rates are projected to increase by an average of 2.8 percent per year. Inflation adjustments were based on the new CMS Market Basket, 2nd Quarter, 2012.

Gross revenues, net revenues, and costs were obtained from Schedules 7 and 8 in the financial portion of the application. These were compared to the control group as a calculated amount per adjusted patient day.

Projected net revenues per adjusted patient day (NRAPD) of $2,192 in year one and $2,233 in year two are significantly above the group highest values of $1,687 and $1,734. NRAPD appears to be significantly overstated. The applicant indicates in the notes to the schedule that it would receive a higher Medicaid reimbursement rate given their status as a children's hospital and set the rates similar to Miami Children's and All Children's Hospital. Given Medicaid's current per diem reimbursement rate structure, the projected revenues appear reasonable compared to the two children's hospitals sited in the notes. (See Tables 2 and 3 below)

Anticipated costs per adjusted patient day (CAPD) of $2,594 in year one and $2,214 in year two is significantly above the control group highest values of $1,734 and $1,772 respectively. The highest level is generally viewed as the practical upper limit on feasibility. CAPD appears to be overstated. (See Tables 2 and 3 below). The applicant's overstatement of CAPD is likely due to the type of patients served (children) and to the intensity of services provided. As discussed above, the applicant did not provide the information necessary for staff to do a cost comparison on the hospital as a whole. However, the costs are relatively proportional to the revenue projected above.

The year two projected operating income for the project of $40,750 computes to an operating margin per adjusted patient day of $18 or 0.8 percent which is between the control group lowest and median values of negative $23 and $214. The feasibility of the project is directly tied to the feasibility of the overall hospital operations. Staff was unable to evaluate the feasibility of the overall hospital as discussed above.

TABLE 2

The Nemours Foundation
CON application #10167
2011 DATA Peer Group 18

	Dec-15 YEAR 1 ACTIVITY	YEAR 1 ACTIVITY PER DAY	VALUES ADJUSTED FOR INFLATION Highest	Median	Lowest
ROUTINE SERVICES	6,204,239	3,914	1,837	716	585
INPATIENT AMBULATORY	0	0	7	0	0
INPATIENT SURGERY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES	0	0	1,792	1,035	908
OUTPATIENT SERVICES	0	0	627	124	0
TOTAL PATIENT SERVICES REV.	6,204,239	3,914	3,009	1,965	1,619
OTHER OPERATING REVENUE	0	0	84	3	0
TOTAL REVENUE	6,204,239	3,914	3,050	1,966	1,622
DEDUCTIONS FROM REVENUE	2,729,559	1,722	0	0	0
NET REVENUES	3,474,680	2,192	1,687	1,251	1,123
EXPENSES					
ROUTINE	2,328,539	1,469	530	191	169
ANCILLARY	1,354,054	854	411	240	202
AMBULATORY	0	0	0	0	0
TOTAL PATIENT CARE COST	3,682,593	2,323	0	0	0
ADMIN. AND OVERHEAD	420,638	265	0	0	0
PROPERTY	8,502	5	0	0	0
TOTAL OVERHEAD EXPENSE	429,140	271	940	542	405
OTHER OPERATING EXPENSE	0	0	0	0	0
TOTAL EXPENSES	4,111,733	2,594	1,724	1,020	894
OPERATING INCOME	-637,053	-402	330	214	-23
		-18.3%			
PATIENT DAYS	1,585				
ADJUSTED PATIENT DAYS	1,585				
TOTAL BED DAYS AVAILABLE	3,285		VALUES NOT ADJUSTED FOR INFLATION		
ADJ. FACTOR	1.0000				
TOTAL NUMBER OF BEDS	9		Highest	Median	Lowest
PERCENT OCCUPANCY	48.25%		88.5%	73.7%	55.1%

PAYER TYPE	PATIENT DAYS	% TOTAL			
SELF PAY	34	2.1%			
MEDICAID	658	41.5%	7.8%	2.1%	0.0%
MEDICAID HMO	129	8.1%			
MEDICARE	0	0.0%	86.1%	77.4%	45.8%
MEDICARE HMO	0	0.0%			
INSURANCE	0	44.6%			
HMO/PPO	707	3.6%	47.9%	16.0%	6.8%
OTHER	57	0.0%			
TOTAL	1,585	100%			

TABLE 3

The Nemours Foundation **CON application #10167** **2011 DATA Peer Group 18**	Dec-16 YEAR 2 ACTIVITY	YEAR 2 ACTIVITY PER DAY	VALUES ADJUSTED FOR INFLATION Highest	 Median	 Lowest
ROUTINE SERVICES	9,121,450	4,112	1,888	736	601
INPATIENT AMBULATORY	0	0	7	0	0
INPATIENT SURGERY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES	0	0	1,841	1,063	933
OUTPATIENT SERVICES	0	0	644	128	0
TOTAL PATIENT SERVICES REV.	9,121,450	4,112	3,092	2,019	1,663
OTHER OPERATING REVENUE	0	0	87	3	0
TOTAL REVENUE	9,121,450	4,112	3,133	2,020	1,667
DEDUCTIONS FROM REVENUE	4,169,491	1,880	0	0	0
NET REVENUES	4,951,959	2,233	1,734	1,286	1,154
EXPENSES					
ROUTINE	2,683,894	1,210	544	196	174
ANCILLARY	1,679,125	757	422	247	207
AMBULATORY	0	0	0	0	0
TOTAL PATIENT CARE COST	4,363,019	1,967	0	0	0
ADMIN. AND OVERHEAD	537,688	242	0	0	0
PROPERTY	10,502	5	0	0	0
TOTAL OVERHEAD EXPENSE	548,190	247	966	557	416
OTHER OPERATING EXPENSE	0	0	0	0	0
TOTAL EXPENSES	4,911,209	2,214	1,772	1,048	919
OPERATING INCOME	40,750	18	330	214	-23
		0.8%			
PATIENT DAYS	2,218				
ADJUSTED PATIENT DAYS	2,218				
TOTAL BED DAYS AVAILABLE	3,294		VALUES NOT ADJUSTED FOR INFLATION		
ADJ. FACTOR	1.0000				
TOTAL NUMBER OF BEDS	9		Highest	Median	Lowest
PERCENT OCCUPANCY	67.33%		88.5%	73.7%	55.1%
PAYER TYPE	PATIENT DAYS	% TOTAL			
SELF PAY	47	2.1%			
MEDICAID	921	41.5%	7.8%	2.1%	0.0%
MEDICAID HMO	180	8.1%			
MEDICARE	0	0.0%	86.1%	77.4%	45.8%
MEDICARE HMO	0	0.0%			
INSURANCE	0	0.0%			
HMO/PPO	990	44.6%	47.9%	16.0%	6.8%
OTHER	80	3.6%			
TOTAL	2,218	100%			

Conclusion:
The immediate feasibility of this project is dependent on the overall profitability of the hospital. Given the information provided, the Agency cannot offer an opinion on the likelihood of short or long-term feasibility of the project. The applicant receives sizable funding from annual distributions by the Alfred I. duPont Testamentary Trust (Trust). These distributions supplement non-profitable operations in order to meet the primary purpose of the Nemours Foundation. Since this project appears to be in-line with the primary purpose of the Trust, funding from the Trust should be available to fund future operating losses, if any, as needed.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168): Because the proposed CMR unit cannot operate without the support of the hospital, staff evaluated the reasonableness of the projections of the entire hospital including the project. Comparative data were derived from hospitals in peer groups that reported data in 2011; the applicant was compared to the hospitals in Peer Group 6. Per diem rates are projected to increase by an average of 2.8 percent per year. Inflation adjustments were based on the new CMS Market Basket, 2nd Quarter, 2012.

Gross revenues, net revenues, and costs were obtained from Schedules 7 and 8 in the financial portion of the application and compared to the control group as a calculated amount per adjusted patient day.

Projected net revenue per adjusted patient day (NRAPD) of $1,471 in year one and $1,488 in year two is between the control group median and lowest values of $1,971 and $1,424 in year one and $2,025 and $1,463 in year two. With net revenues falling between the median and lowest level, the facility is expected to consume health care resources in proportion to the services provided. (See Tables 2 and 3 below).

Anticipated cost per adjusted patient day (CAPD) of $1,446 in year one and $1,456 in year two is below the control group lowest values of $1,467 in year one and $1,507 in year two. With projected costs below the lowest level, costs appear to be understated. (See Tables 2 and 3 below).

The year two projected operating income for the applicant of $3.5 million computes to an operating margin per adjusted patient day of $32 or 2.1 percent which is between the group median and lowest values of $111 and negative $275. This operating margin per adjusted patient day appears to be reasonable. (See Table 3 below).

TABLE 2

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center—Rockledge

CON application #10168	Dec-14	YEAR 1	VALUES ADJUSTED		
2011 DATA Peer Group 6	YEAR 1	ACTIVITY	FOR INFLATION		
	ACTIVITY	PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	712,193,119	6,581	2,243	1,115	524
INPATIENT AMBULATORY	0	0	713	203	53
INPATIENT SURGERY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES	0	0	8,243	4,864	3,200
OUTPATIENT SERVICES	527,875,000	4,878	6,199	3,257	1,767
TOTAL PATIENT SERVICES REV.	1,240,068,119	11,458	14,354	10,138	6,625
OTHER OPERATING REVENUE	892,500	8	103	37	4
TOTAL REVENUE	1,240,960,619	11,467	14,403	10,162	6,727
DEDUCTIONS FROM REVENUE	1,081,781,959	9,996	0	0	0
NET REVENUES	159,178,660	1,471	3,403	1,971	1,424
EXPENSES					
ROUTINE	26,245,147	243	556	318	244
ANCILLARY	35,584,530	329	989	634	495
AMBULATORY	4,438,165	41	0	0	0
TOTAL PATIENT CARE COST	66,267,842	612	0	0	0
ADMIN. AND OVERHEAD	33,161,192	306	0	0	0
PROPERTY	8,774,398	81	0	0	0
TOTAL OVERHEAD EXPENSE	41,935,590	387	1,783	771	587
OTHER OPERATING EXPENSE	48,299,017	446	0	0	0
TOTAL EXPENSES	156,502,449	1,446	3,423	1,820	1,467
OPERATING INCOME	2,676,211	25	433	111	-275
		1.7%			
PATIENT DAYS	62,110				
ADJUSTED PATIENT DAYS	108,224				
TOTAL BED DAYS AVAILABLE	108,770		VALUES NOT ADJUSTED		
ADJ. FACTOR	0.5739		FOR INFLATION		
TOTAL NUMBER OF BEDS	298		Highest	Median	Lowest
PERCENT OCCUPANCY	57.10%		83.6%	62.2%	32.5%
PAYER TYPE	PATIENT DAYS	% TOTAL			
SELF PAY	1,240	2.0%			
MEDICAID	6,989	11.3%	39.4%	11.0%	3.7%
MEDICAID HMO	0	0.0%			
MEDICARE	27,523	44.3%	54.0%	40.4%	14.4%
MEDICARE HMO	0	0.0%			
INSURANCE	10,560	17.0%			
HMO/PPO	15,798	25.4%	55.9%	37.8%	27.1%
OTHER	0	0.0%			
TOTAL	62,110	100%			

TABLE 3

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center--Rockledge

CON application #10168	Dec-15	YEAR 2	VALUES ADJUSTED		
2011 DATA Peer Group 6	YEAR 2	ACTIVITY	FOR INFLATION		
	ACTIVITY	PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	727,805,260	6,590	2,305	1,146	538
INPATIENT AMBULATORY	0	0	732	208	54
INPATIENT SURGERY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES	0	0	8,470	4,998	3,288
OUTPATIENT SERVICES	535,793,125	4,852	6,369	3,347	1,815
TOTAL PATIENT SERVICES REV.	1,263,598,385	11,442	14,749	10,417	6,807
OTHER OPERATING REVENUE	901,425	8	106	38	4
TOTAL REVENUE	1,264,499,810	11,450	14,799	10,441	6,912
DEDUCTIONS FROM REVENUE	1,100,197,682	9,963	0	0	0
NET REVENUES	164,302,128	1,488	3,496	2,025	1,463
EXPENSES					
ROUTINE	27,208,890	246	571	326	251
ANCILLARY	36,522,756	331	1,016	651	509
AMBULATORY	4,526,928	41	0	0	0
TOTAL PATIENT CARE COST	68,258,574	618	0	0	0
ADMIN. AND OVERHEAD	34,051,961	308	0	0	0
PROPERTY	8,873,501	80	0	0	0
TOTAL OVERHEAD EXPENSE	42,925,462	389	1,832	792	603
OTHER OPERATING EXPENSE	49,589,161	449	0	0	0
TOTAL EXPENSES	160,773,197	1,456	3,517	1,870	1,507
OPERATING INCOME	3,528,931	32	433	111	-275
		2.1%			
PATIENT DAYS	63,562				
ADJUSTED PATIENT DAYS	110,434				
TOTAL BED DAYS AVAILABLE	108,770		VALUES NOT ADJUSTED		
ADJ. FACTOR	0.5756		FOR INFLATION		
TOTAL NUMBER OF BEDS	298		Highest	Median	Lowest
PERCENT OCCUPANCY	58.44%		83.6%	62.2%	32.5%
PAYER TYPE	PATIENT DAYS	% TOTAL			
SELF PAY	1,262	2.0%			
MEDICAID	7,062	11.1%	39.4%	11.0%	3.7%
MEDICAID HMO	0	0.0%			
MEDICARE	27,915	43.9%	54.0%	40.4%	14.4%
MEDICARE HMO	0	0.0%			
INSURANCE	10,805	17.0%			
HMO/PPO	16,518	26.0%	55.9%	37.8%	27.1%
OTHER	0	0.0%			
TOTAL	63,562	100%			

Conclusion:
This project appears to be financially feasible.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169): Because the proposed CMR unit cannot operate without the support of the hospital, staff evaluated the reasonableness of the projections of the entire hospital including the project. Comparative data were derived from hospitals in peer groups that reported data in 2011; the applicant was compared to the hospitals in Peer Group 3. Per diem rates are projected to increase by an average of 2.8 percent per year. Inflation adjustments were based on the new CMS Market Basket, 2nd Quarter, 2012.

Net revenues and costs were obtained from Schedule 8 in the financial portion of the application and compared to the control group as a calculated amount per adjusted patient day. The applicant did not provide Schedule 7A of the financial portion of the application. Staff was not able to calculate gross revenues for the applicant because of this. The Agency calculated the adjusted patient days using the applicant's historic adjustment factor for patient days.

Projected net revenue per adjusted patient day (NRAPD) of $1,986 in year one and $2,005 in year two is between the control group median and lowest values of $2,178 and $1,561 in year one and $2,238 and $1,604 in year two. With net revenues falling between the median and lowest level, the facility is expected to consume health care resources in proportion to the services provided. (See Tables 2 and 3 below). The applicant's NRAPD in fiscal year 2011 was reported as $1,902. The difference in the NRAPD reported in 2011 and the year two projected NRAPD of $2,005 results in an average compound annual increase of approximately 0.8 percent. This level of increase is lower than the inflation percentage outlined in the CMS Market Basket, 2nd Quarter, 2012. Increasing net revenue at a slower rate than inflation is a conservative assumption and therefore reasonable. Net revenues appear reasonable.

Anticipated costs per adjusted patient day (CAPD) of $1,775 in year one and $1,828 in year two is between the control group median and lowest values of $1,968 and $1,546 in year one and $2,022 and $1,589 in year two. With projected cost between the median and highest value in the control group, the costs appear reasonable. (See Table 3 below). The applicant's CAPD in 2011 was reported as $1,665. The difference in the CAPD reported in 2009 and the year two projected CAPD of $1,828 results in an average compound annual increase of approximately 1.3 percent. This level of increase is lower than the inflation percentage outlined in the CMS Market Basket, 2nd Quarter, 2012. However, it is

still slightly higher than the projected rate of increase in NRAPD and therefore is considered reasonable relative to revenues.

The year two projected operating income for the hospital of $25 million computes to an operating margin per adjusted patient day of $177 or 8.8 percent which is between the control group median and lowest values of $163 and negative $290. Both the margin per day and percentage are below the levels reported in 2011. This appears to be a conservative assumption and therefore reasonable. (See Table 3 below).

TABLE 2

Osceola Regional Medical Center, Inc. **CON application #10169** **2011 DATA Peer Group 6**	Dec-15 YEAR 1 ACTIVITY	YEAR 1 ACTIVITY PER DAY	VALUES ADJUSTED FOR INFLATION Highest	 Median	 Lowest
ROUTINE SERVICES	275,973,252	1,986	1,774	985	289
INPATIENT AMBULATORY	0	0	893	268	131
INPATIENT SURGERY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES	0	0	10,494	4,809	2,190
OUTPATIENT SERVICES	0	0	11,863	4,417	2,399
TOTAL PATIENT SERVICES REV.	275,973,252	1,986	22,262	11,236	6,522
OTHER OPERATING REVENUE	0	0	107	38	6
TOTAL REVENUE	275,973,252	1,986	22,285	11,298	6,552
DEDUCTIONS FROM REVENUE	0	0	0	0	0
NET REVENUES	275,973,252	1,986	3,249	2,178	1,561
EXPENSES					
ROUTINE	107,537,391	774	413	298	206
ANCILLARY	49,494,005	356	1,087	662	431
AMBULATORY	0	0	0	0	0
TOTAL PATIENT CARE COST	157,031,396	1,130	0	0	0
ADMIN. AND OVERHEAD	67,931,004	489	0	0	0
PROPERTY	21,776,283	157	0	0	0
TOTAL OVERHEAD EXPENSE	89,707,287	645	1,553	906	601
OTHER OPERATING EXPENSE	0	0	0	0	0
TOTAL EXPENSES	246,738,683	1,775	3,031	1,968	1,546
OPERATING INCOME	29,234,569	210 10.6%	500	163	-290
PATIENT DAYS	83,730				
ADJUSTED PATIENT DAYS	138,975				
TOTAL BED DAYS AVAILABLE	104,025		VALUES NOT ADJUSTED FOR INFLATION		
ADJ. FACTOR	0.6025		Highest	Median	Lowest
TOTAL NUMBER OF BEDS	285				
PERCENT OCCUPANCY	80.49%		82.4%	59.4%	30.2%

TABLE 3

Osceola Regional Medical Center, Inc. **CON application #10169** **2011 DATA Peer Group 6**	Dec-16 YEAR 2 ACTIVITY	YEAR 2 ACTIVITY PER DAY	VALUES ADJUSTED FOR INFLATION Highest	Median	Lowest
ROUTINE SERVICES	283,489,603	2,005	1,823	1,013	297
INPATIENT AMBULATORY	0	0	918	276	134
INPATIENT SURGERY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES	0	0	10,782	4,941	2,250
OUTPATIENT SERVICES	0	0	12,189	4,539	2,465
TOTAL PATIENT SERVICES REV.	283,489,603	2,005	22,874	11,545	6,702
OTHER OPERATING REVENUE	0	0	110	39	6
TOTAL REVENUE	283,489,603	2,005	22,898	11,609	6,732
DEDUCTIONS FROM REVENUE	0	0	0	0	0
NET REVENUES	283,489,603	2,005	3,338	2,238	1,604
EXPENSES					
ROUTINE	111,171,005	786	424	306	212
ANCILLARY	50,050,978	354	1,117	680	443
AMBULATORY	0	0	0	0	0
TOTAL PATIENT CARE COST	161,221,983	1,140	0	0	0
ADMIN. AND OVERHEAD	69,516,413	492	0	0	0
PROPERTY	27,748,253	196	0	0	0
TOTAL OVERHEAD EXPENSE	97,264,666	688	1,596	931	617
OTHER OPERATING EXPENSE	0	0	0	0	0
TOTAL EXPENSES	258,486,649	1,828	3,114	2,022	1,589
OPERATING INCOME	25,002,954	177	500	163	-290
		8.8%			
PATIENT DAYS	85,200				
ADJUSTED PATIENT DAYS	141,414				
TOTAL BED DAYS AVAILABLE	104,310		VALUES NOT ADJUSTED FOR INFLATION		
ADJ. FACTOR	0.6025				
TOTAL NUMBER OF BEDS	285		Highest	Median	Lowest
PERCENT OCCUPANCY	81.68%		82.4%	59.4%	30.2%

Conclusion:
This project appears to be financially feasible.

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

Price-Based Competition is Limited - Medicare and Medicaid account for 69.9 percent of CMR hospital charges in Florida, while HMO/PPOs account for approximately 23.9 percent of charges. While HMO/PPOs negotiate prices, fixed price government payers like Medicare and Medicaid do not. Therefore price-based competition is limited to non-

government payers. Price-based competition is further restricted as Medicare reimbursement in many cases is seen as the starting point for price negotiation among non-government payers.

The User and Purchaser of Health Care are Often Different – Roughly 93.8 percent of CMR hospital charges in Florida are from Medicare, Medicaid, and HMO/PPOs. The individuals covered by these payers pay little to none of the costs for the services received. Since the user is not paying the full cost directly for service, there is no incentive to shop around for the best deal. This further makes price based competition irrelevant.

Information Gap for Consumers – Price is not the only way to compete for patients, quality of care is another area in which hospitals can compete. However, there is a lack of information for consumers and a lack of consensus when it comes to quality measures. In recent years there have been new tools made available to consumers to close this gap. However, transparency alone will not be sufficient to shrink the information gap. The consumer information must be presented in a manner that the consumer can easily interpret and understand. The beneficial effects of economic competition are the result of informed choices by consumers.

In addition to the above barriers to competition, a study presented in The Dartmouth Atlas of Health Care 2008 suggests that the primary cost driver in Medicare payments is availability of medical resources. The study found that excess supply of medical resources (beds, doctors, equipment, specialist, etc.) was highly correlated with higher cost per patient. Despite the higher costs, the study also found slightly lower quality outcomes. This is contrary to the economic theory of supply and demand in which excess supply leads to lower price in a competitive market. The study illustrates the weakness in the link between supply and demand and suggests that more choices lead to higher utilization in the health care industry as consumers explore all alternatives without regard to the overall cost per treatment or the quality of outcomes.

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167): While this project would introduce a new inpatient provider in the district, the small bed count would not likely have a material impact on existing providers. In addition, the applicant is focusing on a limited set of patients which further reduces the likelihood of any broad based material competition with other providers.

Conclusion:
Given the limited size and focus of this project, this project will not likely have a material impact to foster the type competition generally expected to promote quality and cost-effectiveness.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168): While this project would introduce a new inpatient provider in the district, the small bed count would not likely have a material impact on existing providers. In addition, the applicant is focusing on a limited set of patients which further reduces the likelihood of any broad based material competition with other providers.

Conclusion:
Given the limited size and focus of this project, this project will not likely have a material impact to foster the type competition generally expected to promote quality and cost-effectiveness.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169): General economic theory indicates that competition ultimately leads to lower costs and better quality. However, in the health care industry there are several significant barriers to competition.

Conclusion:
Due to the health care industry's existing barriers in consumer based competition, this project will not likely foster the type competition generally expected 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 or 59A-4, Florida Administrative Code.

The architectural reviews of the three co-batched applications should 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 owner of each of the three co-batched applicants, respectively.

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167): The applicant proposes to establish a nine-bed pediatric CMR unit on the same campus as its CON #9979, CON #9978 and CON #9980 facility, in Orlando, Orange County, Florida, by renovating existing space and patient rooms on the fifth floor of the hospital.

The proposed architectural plans indicate seven private and one semi-private patient bed rooms will be provided. The architectural narrative proposes two of the patient rooms to have ADA accessible toilet/shower; however in accordance with Florida Building Code-accessibility, all CMR patient bed rooms must be ADA accessible with accessible toilet/shower. There are some discrepancies between the architectural plans and narrative.

The applicant's architectural plans and narrative do not propose to provide patient living areas such as day room, group activity and dining within the unit, which is required by the Guidelines for Design and Construction of Health Care Facilities. Additional space will need to be allocated for patient living requirements of 55 square feet of space per patient. A physical therapy/occupational therapy room and all other required support spaces are provided and adequately sized and located.

The architectural narrative indicates that the project will comply with current codes.

The design as presented has some deficiencies, and modifications will be needed to meet current code requirements, but the physical constraints of the spaces should accommodate these changes.

Due to the deficiencies and required modification(s), the estimated construction costs are considerably low.

The time schedule for construction from the time of building permit to final construction completion is reasonable.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168): The applicant proposes to establish a 15-bed CMR unit by renovating an existing patient room wing on the fourth floor of the hospital (in Rockledge, Brevard County, Florida).

The patient bed rooms are private with toilet/shower rooms. The architectural narrative and plans indicate two ADA accessible rooms with accessible toilet/shower is provided. However, Florida Building Code-Accessibility requires all CMR patient bed rooms to be ADA accessible.

The applicant's architectural plans and narrative do not propose to provide patient living areas such as day space and recreation, which is required by the Guidelines for Design and Construction of Health Care Facilities. Additional space will need to be allocated for patient living requirement of 35 square feet of space per patient. A dining room is incorporated within the unit.

Although some support spaces are provided and adequately sized and located, other required support areas such as equipment storage, staff lounge, toilet and personal services are needed.

The architectural narrative indicates that the project will comply with current codes. The current egress corridors and smoke compartments will be maintained. Entry to the physical therapy/occupational therapy will be via the elevator bank adjacent to the nurse station which has visual control of the corridors and the elevators.

The design as presented has some deficiencies, and modifications will be needed to meet current code requirements.

The estimated construction costs and project completion forecast should be adjusted to reflect the necessary modifications.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169): The applicant proposes to establish a 28-bed CMR unit on its existing campus, in Kissimmee, Osceola County, Florida.

The architectural narrative submitted by the applicant indicates that the building is fully sprinklered, and construction type is listed as FBC, type IB. This construction type meets the requirements for size and occupancy of the current Florida Building Code.

The 28 CMR beds would be located on the fourth floor addition to the three story critical care tower which is currently under construction. All patient bedrooms would be private with a connecting toilet/shower room serving only one patient room. The plans and narrative indicate that all patient rooms and patient toilet/shower rooms will comply with the Florida Building Code-Accessibility requirements. The size of the patient bedrooms exceeds the minimum requirements of the Guidelines for Design and Construction of Health Care Facilities.

The architectural plans and narrative propose to provide patient living areas such as day room, dining area, and group activity within the unit. All other required support space are provided and adequately sized and located.

The narrative indicates that the project will comply with current codes. The project area is divided into smoke compartments as required by the applicable codes.

The estimated construction costs and project completion forecast appear to be reasonable.

The project is well designed and should meet or exceed the code requirements.

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

The table below illustrates the Medicaid/Medicaid HMO days and percentages as well as charity percentages provided by the co-batched applicants' facilities to fiscal year 2010 data Florida Hospital Uniform Reporting System.

Medicaid, Medicaid HMO and Charity Data
District 7 and Applicable Facilities
Fiscal Year 2010

Applicant	Medicaid and Medicaid HMO Days	Medicaid and Medicaid HMO Percent	Percent of Charity Care	Percent Combined Medicaid, Medicaid HMO and Charity Care
Nemours Children's Hospital	N/A	N/A	N/A	N/A
Wuesthoff Medical Center-Rockledge	6,580	10.70%	4.70%	15.40%
Osceola Regional Medical Center	14,924	19.85%	0.89%%	14.26%
District 7 Total	250,469	16.87%	5.05%	21.92%

Source: Agency for Health Care Administration Florida Hospital Uniform Reporting System.

Each co-batched applicant's existing and planned service to Medicaid patients and the medical indigent is discussed in greater detail below.

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) is a recently licensed hospital (licensed October 11, 2012) and states it does not have a track record as a hospital in meeting the needs of underserved individuals. However, the applicant states the provision of services to all patients accessing its services, whether hospital or physician services, regardless of ability to pay. The applicant also states the pediatric CMR unit will attain 54 percent of patient days to patients covered by Medicaid or Medicaid HMO or patients qualifying for charity care. Below is the applicant's projected payer mix**.**

Projected Payer Mix

Payer	Percentage of Revenues
Commercial Insurance	44.6%
Medicaid	41.5%
Medicaid HMO	8.1%
Other	3.6%
Self-Pay	2.1%

Source CON application #10167, page #57.

NOTE: The arithmetic calculation for the above table is 99.9 percent.

The applicant does not specifically condition the project regarding Medicaid patients and/or the medically indigent.

The applicant provides its payer mix for fiscal year one and year two, ending December 31, 2015 and December 31, 2016, respectively.

Nemours Children's Hospital (CON application #10167)
Projected CMR Payer Mix for Fiscal Years 2015 & 2016

	Ending 12/31/2015		Ending 12/31/2016	
	Patient Days	**Percent**	**Patient Days**	**Percent**
Commercial Insurance HMO/PPO	707	44.6%	990	44.6%
Medicaid	658	41.5%	921	41.5%
Medicaid HMO	129	8.1%	180	8.1%
Other Payers	57	3.6%	80	3.6%
Self-Pay/Charity	34	2.1%	47	2.1%
Medicare	0	0.0%	0	0.0%
Medicare HMO	0	0.0%	0	0.0%
Total	1,584*	99.9%	2,218	99.9%

Source: CON application #10167, Schedule 7B.
Note: (*) The applicant's Schedule 7B indicates total patient days of 1,584 for year one. However, an arithmetic calculation of patient days for each payer mix category indicates 1,585 total patient days.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) has a history of providing care to Medicaid and medically indigent patients.

The table below illustrates the Medicaid/Medicaid HMO days and percentages as well as charity percentages provided by the applicant for Fiscal Year 2010 data, according to the Florida Hospital Uniform Reporting System (FHURS). Per FHURS, Wuesthoff Medical Center-Rockledge provided 10.70 percent of its total patient days to Medicaid/Medicaid HMO patients and 4.70 percent to charity care. District 7 acute care facilities provided 17.37 percent of their total patient days to Medicaid/Medicaid HMO and 5.24 percent to charity care during FY 2010. See the table below.

Wuesthoff Medical Center-Rockledge & District 7 Acute Care Hospitals Medicaid, Medicaid HMO and Charity Data Fiscal Year 2010				
Applicant	**Medicaid and Medicaid HMO Days**	**Medicaid and Medicaid HMO Percent**	**Percent of Charity Care**	**Percent Combined Medicaid, Medicaid HMO and Charity Care**
Wuesthoff Medical Center-Rockledge	6,580	10.70%	4.70%	15.40%
District 7 Total	287,084	17.37%	5.24%	22.61%

Source: Agency for Health Care Administration FHURS.

Wuesthoff Medical Center-Rockledge is not a low-income pool participating hospital or a disproportionate share hospital.

The applicant provides the projected CMR payer mix for fiscal year one and year two, December 31, 2014 and December 31, 2015, respectively.

Wuesthoff Medical Center-Rockledge's Projected CMR Payer Mix				
	Year One (2014)		**Year Two (2015)**	
Payer	**Patient Days**	**Percent**	**Patient Days**	**Percent**
Medicare	1,424	41.01%	1,908	41.2%
Medicare HMO	0	0.00%	0	0.00%
Medicaid	768	12.01%	795	12.01%
Medicaid HMO	0	0.00%	0	0.00%
Commercial Insurance	591	17.02%	787	16.99%
Other Managed Care	973	28.02%	1,296	27.98%
Self-Pay/Charity	67	1.93%	84	1.81%
Total	**3,823**	**99.99%**	**4,870**	**99.99%**

Source: CON application #10168, Schedule 7B.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) has a history of providing care to Medicaid and medically indigent patients.

The table below illustrates the Medicaid/Medicaid HMO days and percentages as well as charity percentages provided by the applicant for Fiscal Year 2010 data, according to the Florida Hospital Uniform Reporting System (FHURS). Per FHURS, Osceola Regional Medical Center provided 19.85 percent of its total patient days to Medicaid/Medicaid HMO patients and 0.89 percent to charity care. District 7 acute care facilities provided 17.37 percent of their total patient days to Medicaid/Medicaid HMO and 5.24 percent to charity care during FY 2010. See the table below.

Osceola Regional Medical Center & District 7 Acute Care Hospitals Medicaid, Medicaid HMO and Charity Data Fiscal Year 2010				
Applicant	**Medicaid and Medicaid HMO Days**	**Medicaid and Medicaid HMO Percent**	**Percent of Charity Care**	**Percent Combined Medicaid, Medicaid HMO and Charity Care**
Osceola Regional Medical Center	14,924	19.85%	0.89%	14.26%
District 7 Total	287,084	17.37%	5.24%	22.61%

Source: Agency for Health Care Administration FHURS.

Osceola Regional Medical Center is not a low-income pool participating hospital or a disproportionate share hospital.

The applicant provides the projected CMR payer mix for fiscal year one and year two, December 31, 2015 and December 31, 2016, respectively.

Osceola Regional Medical Center Projected CMR Payer Mix				
	Year One (2014)		**Year Two (2015)**	
Payer	**Patient Days**	**Percent**	**Patient Days**	**Percent**
Medicare	3,327	63.5%	4,011	63.5%
Medicare HMO	219	4.2%	264	4.2%
Medicaid	210	4.0%	254	4.0%
Medicaid HMO	85	1.6%	103	1.6%
Commercial Insurance	0	0.0%	0	0.0%
Commercial Ins HMO/PPO	1,178	22.5%	1,421	22.5%
Other Payer	155	3.0%	187	3.0%
Self-Pay/Charity	63	1.2%	76	1.2%
Total	**5,239**	**100.0%**	**6,316**	**100.00%**

Source: CON application #10169, Schedule 7B.

F. SUMMARY

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) proposes to establish a nine-bed pediatric inpatient comprehensive medical rehabilitation (CMR) unit on the same campus as CON #9979, approved to establish an 82-bed Class II acute care hospital, CON #9978, to establish a five-bed Level II neonatal intensive care unit (NICU), and CON #9980, to establish an eight-bed Level III NICU, in Orange County, Florida. In addition, at the same site, the applicant has been approved for a 10-bed child/adolescent inpatient psychiatric unit (through E120009, effective August 3, 2012).

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

The total project cost is estimated at $586,053. The project involves 288 gross square feet (GSF) of renovation with no new construction, at a renovation cost of $85,196.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168), an HMA affiliate hospital provider, proposes to establish a 15-bed inpatient comprehensive medical rehabilitation (CMR) unit on the campus of Wuesthoff Medical Center-Rockledge, in Brevard County, Florida.

Wuesthoff Medical Center-Rockledge is a 298-bed for-profit Class I acute care hospital, with 264 acute care beds, 10 Level II NICU beds and 24 adult psychiatric beds. Non-CON regulated services at the facility include Level II adult cardiovascular services and designation as a primary stroke center.

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

The total project cost is estimated at $1,844,319. The project involves 9,400 gross square feet (GSF) of renovation with no new construction, at a renovation cost of $1,128,610.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169), an HCA affiliate hospital provider, proposes to establish a 28-bed inpatient comprehensive medical rehabilitation (CMR) unit on the campus of Osceola Regional Medical Center, in Osceola County, Florida.

Osceola Regional Medical Center is a 257-bed for-profit Class I acute care hospital, with 247 acute care beds and 10 Level II NICU beds. The applicant has provided notification to add 64 acute care beds (NF #110016). Also, the applicant has CON #9994, approved to establish a 30-bed Class I acute care hospital in Poinciana (Osceola County), Florida. Non-CON regulated services at the facility include Level II adult cardiovascular services and designation as a primary stroke center.

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

The total project cost is estimated at $14,341,633. The project involves 34,706 gross square feet (GSF) of renovation with no new construction, at a renovation cost not reported; however, construction costs are stated to be at $9,775,270.

Need:

As of August 27, 2012, District 7 had 173 licensed and 63 approved CMR beds. During the 12-month period ending December 31, 2011, District

7's 173 licensed CMR beds experienced 62.17 percent utilization. In addition, CON #10127 is approved for Healthsouth Rehabilitation Hospital of Seminole County, LLC to establish a 50-bed CMR hospital. Also, CON #10128 is approved for Central Florida Regional Hospital to establish a 50-bed CMR unit.

In Volume 38, Number 29, dated July 20, 2012 of the Florida Administrative Weekly, a fixed need pool of zero beds was published for CMR beds for the January 2018 planning horizon. Therefore, the applicants projects are outside the fixed need pool.

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) poses need justification as follows:

- Florida has no other inpatient pediatric rehabilitation program located in a designated specialty pediatric hospital that is part of an integrated delivery system such as NCH offers. This integration permits patients to move seamlessly from physician's office to outpatient services to inpatient care to home-based services.

- There are no providers of inpatient pediatric CMR services in the entire central Florida region, including Districts 7, 3, 5 and 6. As such, patients in this area that could benefit from CMR services either go without such care or must travel to distant programs. As a result, the use rate for pediatric CMR services in the proposed service area is much lower than the statewide average and is a small fraction of the use rate in districts where there is a pediatric CMR program.

- NCH will develop state-of-the-art facilities and innovative clinical pathways for the care of pediatric rehabilitation patients.

- NCH will bring new opportunities for research in pediatric rehabilitation.

- The Nemours Foundation operates a regional network of clinics in Florida, with primary locations in Pensacola, Jacksonville, and Orlando that will operate in partnership with NCH for the appropriate referral of patients in northern Florida for pediatric rehabilitation care.

- NCH will reduce the out-migration of inpatient pediatric rehabilitation patients from the Orlando area and more importantly serve pediatric patients in the CMR unit who otherwise would not have benefited from inpatient rehabilitation services.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) poses need justification as follows:

- CMR beds are geographically inaccessible to residents of the Wuesthoff Rockledge service area with zero beds within the defined service area and the closest CMR beds between 35 and 40 miles to the south.

- The only existing CMR provider in Brevard County is a joint venture partner with the Health First system thus creating a programmatic accessibility issue and hinders the continuity of care as Health First and WHS have separate medical staffs so Wuesthoff Rockledge physicians cannot follow their patients to the Health First/HealthSouth partner facility.

- There are abnormally low discharge use rates for CMR services in District 7 and in the Wuesthoff Rockledge service area compared to the state average.

- There is a large percentage of elderly population in the Wuesthoff Rockledge service area compared to the state average.

- There is a gap in WHS's continuity of care which is otherwise complete – acute care beds, skilled nursing, assisted living, home health, medical equipment and outpatient rehabilitation. In light of the Affordable Healthcare Act, the applicant must position itself for the future where WHS will be able to offer a full array of services to compete effectively in providing quality services.

- Wuesthoff Rockledge is able to fully support a CMR program based on its own internal volume of rehab appropriate patients.

- There are zero existing acute care hospital based CMR programs in Brevard County.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) poses need justification as follows:

- Osceola County is the most populous county in Florida without any existing or approved CMR beds.

- The population of the PSA/SSA is greater than several Florida counties with licensed and approved CMR beds. There are 29 counties in Florida where licensed and/or CON-approved CMR beds are located. Nine (31 percent) of those counties have fewer residents than the PSA/SSA.

- There has not been a published need for CMR beds in several years. Because existing CMR providers can add beds via the CON exemption process, it is unlikely that there will be a net need for CMR beds projected anywhere in the state. This fact, coupled with the increasingly localized nature of CMR service delivery, constitutes a "not normal" circumstance.

- An additional "not normal" circumstance arises due to the fact that CMR rule 59C-1.39 has not been amended since 1995. Thus the rule does not account for the many subsequent changes in health care such as the Medicare reimbursement changes affecting CMR, more recent CMS policy changes, and current medical literature as sampled herein, nor the resultant changes in CMR service delivery away from the regional referral model and toward a more locally-based step-down model that emphasizes and enhances patient continuity of care.

- Available data reinforces the belief that CMR units do not function as regional referral centers but instead primarily serve their won acute care discharges and other residents of their home counties.

- There are huge gaps between the age-adjusted rates of acute care discharges to CMR among District 7 hospitals and the state as a whole, making it obvious that CMR is greatly underutilized in District 7 and the PSA/SSA.

- The estimated and projected difference between expected and actual discharges to CMR beds from District 7 hospitals and among PSA/SSA residents supports a "not normal" need of up to 28 additional CMR beds.

- This shortfall in CMR utilization represents a suppressed demand that will drive utilization of the 28-bed unit proposed at Osceola Regional Medical Center. Thus the proposal is unlikely to have a significant adverse impact on any existing provider.

Quality of Care:

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) poses its quality of care as follows:

- Nemours is a pioneer and is recognized by The Joint Commission for its efforts to measure pediatric health care, with the Ped-QS stated to be the be national Pediatric Quality System adopted by The Joint Commission as a prototype to improve care for children in a measurable way.

- Nemours Clinical Management Program is stated to integrate clinical information from various sources into a system of computerized data to identify and promulgate practices that achieve superior outcomes.

- Nemours Biomedical Research is stated to improve the health of children to move discoveries rapidly from lab to bedside, to practice and to community.

- Electronic Health Record is stated to be another avenue to achieve both clinical quality and safety.

- The application includes the *Nemours Orlando Children's Hospital, 2006 Quality and Safety System Management Plan*, broadly addressing quality, performance improvement and safety.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) poses quality of care as follows:

- The applicant and its sister facility, Wuesthoff-Melbourne, have recent Joint Commission accreditation and the applicant plans to see Joint Commission disease-specific accreditation for stroke rehabilitation, if the project is approved.

- The application includes a *Plan for Patient Safety and Quality Improvement 2011/2012 Wuesthoff Health System* and also that existing policies and procedures hospital-wide as well as those for its current Department of Rehabilitation will be modified as necessary for the project.

- The uniform data system (UDS) will be utilized for this project as it is for its sister HMA facility –Seven Rivers Medical Center.

- The parent, HMA, has 23 licensed hospitals in Florida with a total of 3,036 beds. Agency data obtained September 11, 2012 indicates that HCA affiliated hospitals had 83 substantiated complaints during the three-year period ending September 5, 2012. Wuesthoff Medical Center-Rockledge had eight substantiated complaints during the same three-year period.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169):

- The applicant holds Joint Commission hospital accreditation, with Joint Commission advanced certification in stroke and Joint Commission special quality awards in heart attack, heart failure, pneumonia and surgical care, in addition to "Gold Plus Get With The Guidelines-Stroke" from the American Heart and Stroke Association.

- The applicant has various quality and patient safety programs and its parent, HCA, and the parent's other rehabilitation programs have membership in the American Medical Rehabilitation Providers Association.

- The project will incorporate into the hospital's existing care delivery and performance improvement structure. The applicant provides a *Rehabilitation Program Performance Improvement Indicators 2012* draft.

- The project will incorporate into the hospital's existing care delivery and performance improvement structure. The applicant provides a *Rehabilitation Program Performance Improvement Indicators 2012* draft.

- The parent, HCA, has 45 licensed hospitals in Florida with a total of 10,419 beds. Agency data obtained September 11, 2012 indicates that HCA affiliated hospitals had 160 substantiated complaints during the three-year period ending September 5, 2012. Osceola Regional Medical Center had six substantiated complaints during the same three-year period.

Cost/Financial Analysis:

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167):

- Funding for this project and all capital projects should be available as needed.

- The immediate feasibility of this project is dependent on the overall profitability of the hospital. Given the information provided, the Agency cannot offer an opinion on the likelihood of short or long-term feasibility of the project. The applicant receives sizable funding from annual distributions by the Alfred I. duPont Testamentary Trust (Trust). These distributions supplement non-profitable operations in order to meet the primary purpose of the Nemours Foundation. Since this project appears to be in-line with the primary purpose of the Trust, funding from the Trust should be available to fund future operating losses, if any, as needed.

- Given the limited size and focus of this project, this project will not likely have a material impact to foster the type competition generally expected to promote quality and cost-effectiveness.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168):

- With the support of its parent company, the applicant appears to have the financial resources necessary to fund this project and all capital projects listed on Schedule 2.

- This project appears to be financially feasible.

- Given the limited size and focus of this project, this project will not likely have a material impact to foster the type competition generally expected to promote quality and cost-effectiveness.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169):

- With the support of its parent company, the applicant appears to have the financial resources necessary to fund this project and all capital projects listed on Schedule 2.

- This project appears to be financially feasible.

- Due to the health care industry's existing barriers in consumer based competition, this project will not likely foster the type competition generally expected to promote quality and cost-effectiveness.

Medicaid/Indigent Care:

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167) does not condition to a percentage of Medicaid/Medicaid HMO or charity care patient days.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168) conditions to nine percent of its patient days to a combination of Medicaid, Medicaid HMO and charity care (including self-pay) patients.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169) conditions to provide 4.5 percent of its annual CMR patient days to the combination of Medicaid, Medicaid HMO and charity (including self-pay patients).

Architectural Analysis:

The Nemours Foundation d/b/a Nemours Children's Hospital (CON #10167):

- For the proposed nine-bed CMR unit (seven private rooms and two semi-private rooms), the architectural narrative indicates only two of the rooms have ADA accessible toilet/shower rooms; this does not meet Florida Building Code-accessibility requirements that call for all CMR patient bed rooms to have ADA accessible toilet/shower. Also, there are some discrepancies between the architectural plans and narrative.

- The architectural plans and narrative do not provide for adequate patient living areas, as required by Guidelines for Design and Construction of Health Care Facilities.

- Due to deficiencies and required modification(s), the estimated construction costs are considerably low, but physical spaces should accommodate the changes.

- The time schedule for the construction from the time of building permit to final construction completion is reasonable.

Rockledge HMA, LLC d/b/a Wuesthoff Medical Center-Rockledge (CON #10168):

- For the proposed all private 15-bed CMR unit, the architectural narrative indicates only two of the rooms have ADA accessible toilet/shower rooms; this does not meet Florida Building Code-accessibility requirements that call for all CMR patient bed rooms to have ADA accessible toilet/shower.

- The architectural plans and narrative do not provide for adequate patient living areas, as required by Guidelines for Design and Construction of Health Care Facilities. Some support areas are also inadequate.

- The estimated construction costs and project completion forecast should be adequate to reflect the necessary modifications.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (CON #10169):

- For the proposed all private 28-bed unit, the architectural narrative indicates a well-designed, fully sprinklered building that meets size and occupancy requirements of the Florida Building Code (including accessibility requirements). Patient bedroom size exceeds the requirements of the Guidelines for Design and Construction of Health Care Facilities.

- The architectural plans and narrative meet patient living areas, support space and location requirements.

- The estimated construction costs and project completion forecast appear to be reasonable.

G. RECOMMENDATION

Approve CON #10167 to establish a nine-bed comprehensive medical rehabilitation unit in District 7, Orange County. The total project cost is $586,053. The project involves 288 GSF of renovation and a renovation cost of $85,196.

CONDITIONS:

1. Specific Location: The proposed pediatric CMR unit will be located within Nemours Children's Hospital, which is located at 13535 Nemours Parkway, Orlando, Florida 32827.

2. Population Subgroup: NCH will condition approval of this application on the provision of at least 40 percent of patient days annually to Medicaid, Medicaid HMO and charity patients. This condition will be measured by an annual report to AHCA each year.

Deny CON #10168 and CON #10169.

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
Health Services and Facilities Consultant Supervisor
Certificate of Need

_____

Jeffrey N. Gregg, Director
Florida Center for Health Information and Policy Analysis