

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

The Shores Behavioral Hospital, LLC/CON #10131

1601 East Las Olas Boulevard
Fort Lauderdale, Florida 33301

Authorized Representative: Manuel Llano, CEO
(954)453-8651

2. Service District

District 10 – Broward County

B. PUBLIC HEARING

A public hearing was not held or requested regarding the proposed class III specialty hospital with 60 adult psychiatric beds in District 10, Broward County.

Letters of Support

The Shores Behavioral Hospital, LLC (CON #10131) submitted 13 unduplicated letters of support for the project (CON application #10131, Tab 4 – Letters of Support). Ten letters were dated between September 19, 2011 and September 30, 2011. Three letters were not dated.

Representative Mark S. Pafford, Florida House of Representatives District 88, states that a new replacement facility is necessary because “the existing space limits an array of patient services that could be offered” and that the current space is “nearly always at full capacity, sometimes with three patients sharing a room.” Representative Pafford concludes, “a new, state-of-the-art facility is needed to bring the quality psychiatric and substance abuse programs of Atlantic Shores Hospital into the 21st Century.”

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Kathleen McCarthy, Assistant Regional Counsel for the Criminal Conflict and Civil Regional Counsel, 4th District, states that “Thankfully, Terri Shayner from Atlantic Shores and Fort Lauderdale Hospital is there to assist the Court with referrals.” Another Assistant Regional Counsel for the Criminal Conflict and Civil Regional Counsel in the Fourth Region, Richard B. Kaplan, asserts, “The State of Florida needs to approved this Certificate of Need, and adequately fund those services like the Shores Behavioral that really work.”

Patricia Kramer, Regional Substance Abuse and Mental Health Director for Southeast Region, Florida Department of Children and Families, states that “whenever there is a specific need in the community, Atlantic Shores Hospital has always collaborated with my office to answer the needs of the district’s residents by adding, improving and expanding upon the programs and services when necessary.”

Alan S. Levine, Founder and Managing Partner of Addiction Recovery Legal Services, LLC, maintains that “A new, larger, more modern facility will only serve to provide better services for the many individuals in Broward County who are in need of adult psychiatric and substance abuse treatment.” Father William H. Bowles, a priest at St. John the Baptist Catholic Church in Broward County, states that when he attends ministry calls at the current facility, “it just seems inadequate for the patients, the staff and for visitors.” Father Bowles implores the Agency to give this hospital the opportunity to make an “overall improvement” in their current facility.

Dr. Scott Segal, former medical director of Atlantic Shores Hospital and psychiatrist, states that “the need to replace the current physical plant is substantial.” Furthermore, he indicates that the current facility is an important resource for his current patients as well as for the rest of the community. President of Advanced Pharmaceutical Consultants, Inc., Raul Gonzalez, states that “While we always desire to treat mental illness with compassion, there is a need to look at the economics of untreated mental illness. Untreated mental illness costs double and coupled with a bed shortage for treatment is problematic.” He states that his experience is that, “expansion is a positive sign that not only helps the community and patients served; but provides employment for hundreds of people in a time where unemployment is at record levels.”

Several mental health providers in Broward County sent in letters of support including: Geraldine Pipitone, CEO of House of Hope and Stepping Stones; Dr. Joel Kaufman, CEO of the Starting Place; Brett Heimowitz, Admissions Director of The Recovery Place; Stephanie Coberly, Executive Director and Chief Clinical Officer of John's Place, Inc., and Vanessa Major, Co-Occurring Services Specialist at Smith Community Mental Health. These letters had a similar theme advocating the need for replacing the current facility in order to:

- Have better accommodations for therapy
- Increased capacity for emergency stabilization admissions
- Fewer maintenance disruptions for patients
- Increased privacy for patients
- Better layout of physical plant
- Ample parking
- Increased employment opportunities for the community

Ms. Coberly of John's Place, states that Atlantic Shores Hospital and her organization have worked for a number of years with the Seminole Tribe of Florida.

Letter of Opposition

Frank P. Nask, President and CEO of Broward Health, asserts that there is no need or justification for new, expanded or substitute beds in the service area (District 10) because:

- Current utilization of existing beds in Broward County is very low.
- The adult population of Broward County is expected to grow only about four percent by January 2017, the planning horizon year.
- Use of adult psychiatric beds in Broward County is not expected to increase more than population growth.
- The need formula found in Rule 59C-1.040(4)(f) Florida Administrative Code indicates that District 10 has a surplus of beds through January 2017.
- The existing beds in the service area are reasonably well distributed.
- There is no evidence of geographic or financial access to care problems in the service area.
- Adequate utilization to support the proposed new facility must come from the market shares of other providers.

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- Atlantic Shores provided no charity care during calendar year 2010¹, and as a freestanding psychiatric hospital, is ineligible to receive Medicaid reimbursement except through Medicaid HMOs.
- If the justification for this project includes references to physical plant deficiencies and obsolescence that make continued inpatient activity in the existing building operationally difficult and financially untenable, a sound alternative is to cease operation and delicense the beds.²

Additionally, Broward Health contends that this is a “ridiculous proposal” and had Atlantic Shores simply wanted to replace its existing facility and capacity, it could do so on its existing site or within one mile without the necessity to obtain a certificate of need. Or, Atlantic Shores Hospital, LLC could have filed a request for a replacement facility in a single certificate of need application saving substantial filing fees and the costs of preparing a separate application³. No matter what the rationale, Broward Health maintains that the Agency for Health Care Administration should deny the new hospital requested by the Shores Behavioral Hospital, LLC in Certificate of Need application #10131 and the companion application, #10132.

C. PROJECT SUMMARY

The Shores Behavioral Hospital, LLC (CON #10131) proposes to establish a 60-bed adult psychiatric Class III specialty hospital in District 10, Broward County, Florida. The applicant states that this CON application is contingent upon the approval of co-batched CON application #10132, which seeks to establish a Class III Specialty Hospital with a 12-bed adult substance abuse program.

The proposed project involves a total cost of \$24,406,118. The total project cost includes: land, building, equipment, project development, financing and start-up costs. The applicant indicates that the project consists of 67,809 GSF of new construction and a total construction cost of \$12,845,375.

The applicant proposes the following conditions for CON application #10131.

¹ Broward Health cites Intellimed data as the source of this information.

² Broward Health indicates this solution was exercised by The Family at Sunrise.

³ Pursuant to s. 408.036 (1)(b), F.S., and Rules 59C-1.008(1)(c)1. a. and (h) F.A.C., the license holder could have filed a single letter of intent to construct a replacement facility consisting of 60 adult psychiatric and 12 adult substance—all 72 beds.

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- Approval of this CON application to establish a Class III specialty hospital with 60 adult psychiatric beds is contingent upon approval of the co-batched CON application #10132 to establish a 12-bed adult substance abuse program in addition to the 60 adult psychiatric beds.
- Concurrent to licensure and certification of 60 adult inpatient psychiatric beds, 12 adult substance abuse beds and 30 adolescent residential treatment (DCF) beds at The Shores Behavioral Hospital, LLC, all 72 hospital beds and 30 adolescent residential beds at Atlantic Shores Hospital will be delicensed.
- The Shores Behavioral Hospital will become a designated Baker Act Receiving Facility upon licensure and certification.
- Upon licensure and certification The Shores Behavioral Hospital will seek Joint Commission Accreditation.

Manuel Llano, in his capacity as Atlantic Shores Hospital's Chief Executive Officer, provided a letter which indicates that upon licensure of The Shores Behavioral Hospital, LLC, all of the existing (60 adult psychiatric and 12 adult substance abuse) beds at Atlantic Shores will be delicensed. He also indicates that both applications will establish a single hospital facility in Broward County and in the same vicinity as the existing Atlantic Shores Hospital. However, Atlantic Shores Hospital, LLC, as the license holder could have applied for a replacement facility per Rule 59C-1.008(1)(h) Florida Administrative Code.

Per section 408.036(1)(b) Florida Statutes, a replacement facility can be approved "if the number of beds in each licensed bed category will not increase". Therefore, the licensee could have filed one letter of intent for a replacement facility application instead of the applicant filing two letters of intent and resulting applications. With the advent of adding mental health beds by exemption, the approval of both applications could result in the approval of two facilities, one with substance abuse, one with psychiatric beds and then both with any combination of mental health beds and services.

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 (Condition 4) will not be cited as condition to approval. Should the project be approved, the applicant's conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code.

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, Marisol Novak analyzed the application in its entirety with consultation from the financial analyst, Robert "Mills" Smith, who evaluated 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; 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? Rules 59C-1.008(2) Florida Administrative Code.

In Volume 37, Number 29, dated July 22, 2011 of the Florida Administrative Weekly, a fixed need pool of zero beds was published for adult inpatient psychiatric beds in District 10 for the January 2017 planning horizon.

As of July 22, 2011, District 10 had 459 licensed adult inpatient psychiatric beds and notifications from Broward Regional Medical Center that it plans to delicense five beds.⁴ On May 5, 2011, Hollywood Pavilion delicensed 10 beds (through notification NF1100006). District 10 had 469⁵ licensed beds and an occupancy rate of 51.77 percent during the 12-month period ending December 31, 2010. The applicant is applying to establish a new 60-bed Class III specialty hospital through CON application #10131. The applicant is not responding to a fixed need pool. The Shores Behavioral Hospital, LLC states that this project is to build a replacement facility for the 60 beds currently at Atlantic Shores Hospital and therefore will not add any new beds to the market. As noted earlier, Atlantic Shores Hospital, LLC, the license holder, is the only legal entity that could file a replacement application for Atlantic Shores Hospital.

Of the eight facilities in District 10 with licensed adult psychiatric beds, five are general hospitals (Class 1) and three are freestanding (Class 3), as follows:

⁴ These notifications are NF1000023 (two), NF1000024 (one) and NF1000025 (two beds).

⁵ The Family at Sunrise, which included 65 adult inpatient psychiatric beds, was delicensed September 7, 2010.

**District 10 Adult Inpatient Psychiatric Utilization
Calendar Year 2010**

Facility	Service Class	# Adult Beds	Adult Occupancy
Atlantic Shores Hospital	Class 3	60	48.42%
Broward General Medical Center	Class 1	83	51.65%
Fort Lauderdale Hospital	Class 3	48	79.04%
Hollywood Pavilion	Class 3	60	32.46%
Imperial Point Medical Center	Class 1	47	65.56%
Memorial Regional Hospital	Class 1	45	81.00%
North Shore Medical Center – FMC Campus	Class 1	74	43.41%
The Family at Sunrise (Delicensed 9/7/10)	Class 3	65	0.0%
University Hospital & Medical Center	Class 1	52	71.44%
District 10 Total		534	51.77%

Source: *Florida Hospital Bed Need Projections and Service Utilizations by District, July 2011 Batching Cycle.*

The following is a map of District 10’s licensed adult inpatient psychiatric facilities. The applicant did not include a proposed site address but does state that the new hospital will be within a couple of miles and within the same general vicinity of the existing facility—in east central Broward. The Shores indicates that the target area and location is between Las Olas Boulevard on the south, Commercial Boulevard on the north, Interstate 95 on the west and Federal Highway on the east.

District 10 Adult Inpatient Psychiatric Facilities



Source: Microsoft MapPoint 2006

The chart below contains the population estimates for the total adult population (age 18 and older) in District 10 (Broward County) for July 2010 and the January 2017 planning horizon.

**Broward County
Population Age 18 and Over
July 2010 to the January 2017 Planning Horizon**

County	Population Age 18 And Over July 2010	Population Age 18 And Over January 2017	Percent Change
District Total	1,334,032	1,389,154	4.13%
State Total	14,665,087	16,027,835	9.29%

Source: Agency for Health Care Administration Population Projections, published September 2010.

As shown above, District 10’s population age 18 and over is expected to experience 5.16 percent lower growth than the state.

b. “Not Normal” Circumstances.

The Shores Behavioral Hospital, LLC (CON #10131) states that it is proposing to develop a 72-bed Class III specialty hospital with this application and co-batched CON application #10132. The applicant indicates that the proposal is outside the fixed need pool in that Atlantic Shores Hospital (ASH) is an existing licensed provider and the project “proposed seeks to replace that facility”. The applicant maintains that there is a quantitative need and qualitative need to replace the current facility.

Quantitative need

The applicant contends that Atlantic Shores Hospital is only able to operate between 45 to 50 beds because of the facility’s physical capacity constraints but there is sufficient need to fill all licensed beds at a reasonable occupancy level. The Shores also maintains that there is an incremental bed need in Broward County based on the county’s growth in population, outmigration levels, and immigration to Broward County from outlying areas or out of state.

ASH currently receives 70 percent of its total admissions from Broward County (the service area), 21 percent from elsewhere in the State of Florida and nine percent from outside of the state.

Broward County is the second most populous county in the State of Florida. The table below illustrates the historical and current adult population of the county.

Broward County Population by Age Cohort 2009 through 2011			
As of July 1	2009	2010	2011
Ages 18-64	1,082,056	1,082,631	1,080,439
Ages 65+	251,243	251,401	255,829
Total Adult	1,333,299	1,334,032	1,336,268
Percent 18-64	81.2%	81.2%	80.9%
Percent 65+	18.8%	18.8%	19.1%

Source: CON application #10131, page 15 from AHCA Population Estimates, September 2010.

The applicant provides forecasted population data by age cohort for 2014 (year one of operation) and 2015 and highlights the anticipated seven percent growth rate in the 65 and older age cohort. The Shores maintains that the incremental 30,000 total adults between 2011 and 2014 in Broward County will generate additional census at the proposed replacement facility.

The applicant contends that the total population will have improved access as the replacement facility becomes operational thus, decompressing existing facilities that are regularly on diversion/overflow.

Broward County Forecasted Population by Age Cohort Calendar Years 2014 and 2015				
Age Cohort	Forecasted		Incremental Population 2011 to 2014	
	2014 (year one of operation)	2015 (year two of operation)	Percent	Count
18-64	1,092,368	1,095,947	1.1%	11,929
65+	273,740	280,184	7.0%	17,911
Total Adult	1,366,108	1,376,131	2.2%	29,840

Source: CON application #10131, page 15 from AHCA Population Estimates September 2010. Estimates are for July 1, 2014 and July 1, 2015.

The Shores contends that there was a 13 percent (from 12,625 in 2008 to 14,213 discharges in 2010) increase in adult resident discharges with psychiatric disorders (MDC 19) from 2008 to 2010. The applicant indicates that the younger adult age cohort, ages 18-64, accounted for 90 percent of all cases. See the table below.

Broward County Resident Discharges by Age Cohort Calendar Year 2008-2010				
	CY 2008	CY 2009	CY 2010	Percent Change 2008-2010
Psychiatric Disorders (MDC 19)				
18-64	11,255	11,660	12,757	13.3%
65+	1,370	1,430	1,456	6.3%
Total Adult	12,625	13,090	14,213	12.6%
Substance Abuse Disorders (MDC 20)				
18-64	3,112	3,103	3,170	1.9%
65+	202	231	213	5.4%
Total Adult	3,314	3,334	3,383	2.1%
Total Behavioral Health Resident Discharges				
18-64	14,367	14,763	15,927	10.9%
65+	1,572	1,661	1,669	6.2%
Total Adult	15,939	16,424	17,596	10.4%

Source: CON application #10131, page 16.

The applicant provides Broward County psychiatric resident discharges and market share by facility for calendar year 2010. The Shores points out that 1,483 adults age 18 and older, were admitted to a Broward County hospital not licensed for psychiatric beds or to a facility outside Broward County.

District 10 Resident Adult Psychiatric (MDC 19) Discharges by Age Cohort & Facility Calendar Year 2010			
Hospital	Ages 18-64	Ages 65+	Total Adult
Atlantic Shores Hospital	943	29	972
Broward General Medical Center	1,880	114	1,994
North Shore Med Center—FMC	1,897	233	2,130
Fort Lauderdale Hospital	1,481	45	1,526
Hollywood Pavilion	210	4	214
Imperial Point Medical Center	1,472	266	1,738
Memorial Regional Hospital	1,635	196	1,831
University Hospital & Medical Center	2,056	269	2,325
All Other Hospitals	1,183	300	1,483
District 10 Total	12,757	1,456	14,213
Market Share			
Atlantic Shores Hospital	7.4%	2.0%	6.8%
Broward General Medical Center	14.7%	7.8%	14.0%
North Shore Med Center—FMC	14.9%	16.0%	15.0%
Fort Lauderdale Hospital	11.6%	3.1%	10.7%
Hollywood Pavilion	1.6%	0.3%	1.5%
Imperial Point Medical Center	11.5%	18.3%	12.2%
Memorial Regional Hospital	12.8%	13.5%	12.9%
University Hospital & Medical Center	16.1%	18.5%	16.4%
All Other Hospitals	9.3%	20.6%	10.4%
District 10 Total	100.0%	100.0%	100.0%

Source: CON application #10131, page 17.

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In terms of incremental resident discharges in Broward County, the applicant states that there will be 676 between 2010 and 2014, and 761 incremental discharges by 2015—nearly 48 percent of these discharges will be in the 65 and older age cohort. The Shores maintains that these incremental discharges will be a direct result from the anticipated population growth within the county.

The applicant states that nearly 8.3 percent (1,178 of 14,214) of Broward County residents received inpatient psychiatric treatment in a non-Broward County facility and this percentage is higher for the 65 and older age cohort (10.3 percent or 150 of 1,456 cases). The geriatric number is of particular note, asserts the applicant, as there are not as many accessible geriatric psych inpatient programs in Broward County. The applicant maintains that 82 percent (965 of 1,178) of the outmigration patients sought treatment in contiguous Miami-Dade and Palm Beach Counties.

District 10 Adult Psychiatric (MDC 19) Resident Discharges By Age Cohort & Facility County Calendar Year 2010			
By Case			
	Ages 18-64	Ages 65+	Total
Broward County Hospitals	11,729	1,306	13,035
Other Counties	1,028	150	1,178
Total Resident Discharges	12,757	1,456	14,214
By Percent			
Broward County Hospitals	91.9%	89.7%	91.7%
Contiguous Counties	8.1%	10.3%	8.3%

Source: CON application #10131, page 20.

The Shores contends that when the proposed facility becomes accessible to Broward County residents, an additional ---⁶ cases will remain in Broward County facilities. See the table below.

District 10 Forecasted Change to Outmigration Experience for Psychiatric Discharges by Age Cohort						
	2014, Year One			2015, Year Two		
	18-64	65+	Total	18-64	65+	Total
Resident Discharges	13,108	1,779	14,888	13,151	1,821	14,973
Historical Outmigration	8.1%	10.3%	---	8.1%	10.3%	---
Resulting Outmigration	6.5%	8.0%	---	6.5%	8.0%	---
Net Change in Outmigration	1.6%	2.3%	---	1.6%	2.3%	---
Incremental Discharges	210	41	251	210	42	252

Source: CON application #10131, page 20.

⁶ While the applicant put --- in narrative based on the information in the table, The Shores projects that 251 patients in 2014 and 252 in 2015 that would otherwise out-migrate without the project, will remain in Broward County.

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The applicant provides a table with forecasted incremental utilization for 2014 and 2015 (year one and two of operation) using its 8.0 average length of stay experience. The Shores Behavioral Hospital, LLC (SBH) contends that by the second year of the project, based on population growth, discharge use rates based on enhanced access to licensed bed capacity, historical in-migration percents and effect on outmigration—there will be an incremental average daily census of 27.2 psychiatric patients, 11 of which will be 65+. See the table below.

District 10 Forecasted Incremental Utilization by Age Cohort						
	2014, Year One			2015, Year Two		
	18-64	65+	Total	18-64	65+	Total
Incremental Discharges	352	323	676	395	365	761
In-Migration (30%)	106	97	203	119	110	228
Reduction in Out-Migration	210	41	251	210	42	252
Total Incremental Discharges	668	461	1,130	724	517	1,241
Average Length of Stay	8.0			8.0		
Forecasted Incremental Utilization						
Patient Days	5,344	3,688	9,040	5,792	4,136	9,928
Census	14.6	10.1	24.8	15.9	11.3	27.2

Source: CON application #10131, page 21.

The applicant provided a forecasted utilization for the first two years of operation based on incremental population growth, in-migration, enhanced access and utilization, specialized programming for geriatrics and the frequency of diversion at competing facilities in Broward County.

The Shores Behavioral Hospital Utilization Projections Year One and Two of Operation (2014 & 2015)		
	2014	2015
Admissions		
Psychiatric	1,725	1,916
Substance Abuse	597	608
Total	2,322	2,525
Average Length of Stay		
Psychiatric	8.0	8.0
Substance Abuse	6.6	6.6
Patient Days		
Psychiatric	13,797	15,330
Substance Abuse	3,942	4,015
Total	17,739	19,345
Average Daily Census		
Psychiatric	37.8	42.0
Substance Abuse	10.8	11.0
Total	48.6	53.0
Occupancy Rates	67.5%	73.6%

Source: CON Application #10131, page 23.

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The Shores maintains that the forecasted occupancy rates are realistic and achievable given ASH's ADC of 37.3 patients. Local health council data indicates the facility reported 10,605 adult psychiatric patient days or an ADC of 29.05 patients. Atlantic Shores reported 2,344 adult substance abuse days or an ADC of 6.42 patients during CY 2010.

The applicant states that District 10 has 454 licensed adult psychiatric beds dispersed amongst eight hospital providers and 76 adult substance abuse beds⁷ across four hospital providers. The Shores maintains that ASH is one of only three hospitals that have both adult psychiatric and substance abuse beds—an added benefit for those patients that have a dual diagnosis. The applicant also notes that of all the hospital providers in District 10, all but three (including ASH) are behavioral health programs within general medical/surgical hospitals. SBH contends that its sole focus is to provide its patients with treatment for psychiatric and substance abuse whereas the other hospital providers may focus more on acute stabilization.

SBH provided historical psychiatric hospital provider utilization and occupancy rates for each hospital provider in Broward County. The applicant states that District 10's overall occupancy rate in its adult psychiatric beds has been between 48 and 52 percent for the past three years. SBH contends that since it has not been able to utilize all of its licensed bed capacity due to physical space limitations, this has affected the facility and district wide occupancy rate. The applicant maintains that the proposed project along with co-batched CON application #10132 would not alter the district's bed inventory. See the table below.

District 10 Adult Inpatient Psychiatric Hospital Occupancy CY 2008-2010						
Hospital	CY 2008		CY 2009		CY 2010	
	Patient Days	Occupancy	Patient Days	Occupancy	Patient Days	Occupancy
Atlantic Shores Hospital	11,603	52.8%	10,947	50.0%	10,605	48.4%
Broward General Medical Center	19,837	65.3%	16,795	55.4%	15,648	51.7%
North Shore Med Center—FMC	11,915	44.0%	11,470	42.5%	11,724	43.4%
Fort Lauderdale Hospital	13,081	74.5%	12,894	73.6%	13,847	79.0%
Hollywood Pavilion	8,136	37.0%	6,617	30.2%	7,108	32.5%
Imperial Point Medical Center	9,923	57.7%	9,162	53.4%	11,247	65.6%
Memorial Regional Hospital	12,969	78.7%	13,195	80.3%	13,304	81.0%
University Hospital & Medical Center	11,688	61.4%	11,427	60.2%	13,560	71.4%
District 10 Total	99,152	50.7%	92,507	47.5%	97,043	51.8%

Source: CON application #10131, page 27.

⁷ According to the *Hospital Bed Need Projections & Services Utilization by District* publication, as of July 22, 2011 District 10 had 459 licensed adult inpatient psychiatric beds and had CON approval to delicense five psychiatric beds. District 10 had 75 licensed adult substance abuse beds and a CON approval for one adult substance abuse bed.

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The Shores contends that approval of CON #10131 and 10132 would alleviate a major problem the district is faced with, that of diversion. ASH states that despite the occupancy rates in the above table, many of the hospitals experience frequencies where beds are fully occupied and are often on diversion. The applicant explains that oftentimes Baker Act patients present to a particular facility when there are no beds readily available for admission and therefore that patient needs to be transferred to one of the other facilities with available beds. The psychiatric hospitals in District 10, in partnership with ASH, initiated an overflow task force in 2010 with the purpose of informing one another when on diversion. SBH states that hospitals voluntarily inform the other facilities by email when on diversion.

The applicant provided ASH's facility overflow diversion log and some data as regards to diversion days at Broward area hospitals. ASH states that in the first nine months of 2011 it accepted 33 Baker Act patients that had been diverted from other Broward County hospitals. Some of these patients, the applicant indicates, were referred to ASH because the referring facility did not have licensed psychiatric beds.

ASH Facility Overflow Diversion Log Baker Act Admission from Facilities on Diversion January - September 2011		
Referring Facility	Cases Sent to ASH	Number of days on diversion
Memorial Regional Hospital	17	121
Memorial Hospital - Pembroke	3	
Westside Hospital	1	
Plantation General Hospital	1	
Coral Springs Medical Center	5	
Memorial Hospital - Miramar	1	
Memorial Hospital - West	2	
University Hospital & Medical Center	1	45
North Shore Medical Center - FMC	1	8
Northwest Medical Center	1	

Source: CON application #10132, page 28.

SBH contends that ASH would have admitted more Baker Act patients during this time period had its licensed beds been functionally available. The applicant maintains that the co-batched applications for ASH's replacement facility will alleviate much of the diversion that occurs in Broward County hospitals. This would be accomplished, SBH asserts, because it would be able to functionally operate all 60 adult psychiatric beds and 12 substance abuse beds and accept more diverted patients from licensed providers.

As evidenced by the letters of support provided in the application,⁸ the applicant contends that it clearly has support from the community to develop the proposed project.

Qualitative Need

The applicant maintains that while the above analysis justified the incremental utilization based on population growth, migration patterns and enhanced accessibility—the more pressing need to replace this hospital stems from challenges with the existing facility itself.

Atlantic Shores Hospital was built in the 1960s and was originally licensed as a nursing home. The applicant contends that 1960s era nursing homes are not akin to the clinical needs of 21st century behavioral health hospital. ASH states that it lacks the physical space to maintain regular availability of and accessibility to licensed beds and it faces a plethora of challenges stemming from its dated mechanical systems. The applicant states that the current limitations are widespread and are grouped into three categories:

- Clinical challenges
- Operational challenges
- Facility challenges

In regards to clinical challenges, the applicant states that while the facility has been retrofitted over the years, several barriers and challenges have transpired. Currently, group therapy poses a challenge due to lack of space. ASH is not able to provide a full continuum of care to its patients, post inpatient discharge or able to support population in the area with outpatient services to potentially avoid hospitalization.

The Shores would ideally like to offer, but is not limited to, the following inpatient programming within the new hospital:

- Geriatric program
- Trauma focused cognitive behavior therapy
- Therapies segregated by diagnosis
- Therapies segregated by age
- Impaired professionals program (a substance abuse program geared towards professional persons)
- Sexual addiction program

⁸ Thirteen unduplicated letters were included with CON application #10131. One letter of opposition was received by Agency.

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A sample of some of the outpatient programming the applicant intends to offer in the replacement hospital includes but is not limited to:

- Outpatient and intensive outpatient programming for school aged children and adolescents
- Partial hospitalization program
- Hospital-based outpatient mental health clinic
- Hospital-based family therapy
- Early intervention program
- Foster care prevention
- Substance abuse prevention for preteens
- Parenting classes
- Hospital-based employee assistance program
- Hospital-based medication monitoring for low functioning adults

The Shores indicates that ASH participates in a number of clinical drug trial programs but that the current physical space is extremely limited putting pressure on the availability of ASH's full licensed capacity. SBH maintains that Atlantic Shores Hospital has no private spaces for physicians and nurse stations are undersized creating HIPAA challenges. In addition, the applicant states that ASH does not currently have an isolation room for cases of medically compromised patients.

The applicant contends that the current facility faces patient flow issues operationally due to the past retrofitting. ASH has one entrance for admissions, of any age or of any status (voluntary or involuntary) as well as the population treated for the Immigration and Naturalization Services. This main entrance also serves as the access door for Emergency Medical Services.

ASH is a Baker Act and Marchman Act receiving facility and this population is comingled with other patients. The applicant maintains that a separate admitting area is the industry preference and a common standard of practice. Triage is another challenge, SBH contends, as it consists of only two rooms and these are used for all admissions and sometimes office space. The applicant states that often patients waiting to be triaged wait in the lobby or hallway.

The applicant asserts that the operational challenges impose strict management of schedules for group access to the functional rooms via the single rotunda design. SBH states that co-mingling in the rotunda has to be managed for the higher functioning adult psychiatric patients and the lower functioning psychiatric patients to keep them separate as well as to avoid passage with the adolescent residential population.

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Patient rooms at ASH typically have three beds and two rooms share a single bathroom. The applicant indicates that this poses logistical challenges because of co-mingled diagnoses, age, behavioral factors, gender challenges and legal issues (with regards to INS detainees). Each patient wing has two showers, so up to 36 patients share two showers, which leads to scheduling problems. In order to avoid co-mingling of patient populations, scheduling meals is required. There are four half hour slots for each meal, two for adult inpatients, one for residential boys and one for residential girls. The result is reduced access to functional rooms on a daily basis.

The applicant contends that other operational challenges that confront ASH include:

- Undersized kitchen
- Undersized outdoor space
- Undersized visitation rooms
- Lack of employee lounge

The Shores states that the current physical plant limitations are over and above the approximately \$3 million in repair and replacement invested during the past three years. These include, but are not limited to:

- Main entrance poses a bottleneck problem
- The parking lot does not accommodate sufficient space for visitors and staff
- The mechanical systems are in disrepair. Patient rooms/common areas are not fully ventilated. Most patient rooms are not air-conditioned.
- Shortage of laundry facilities to accommodate facility needs. Two washers and dryers are available for the 72-bed facility.
- Life safety components are in need of upgrade, including fire panels for both administration and hospital areas.
- Existing electrical wiring of older panels throughout the entire facility are in need of upgrade.

The applicant concludes its qualitative need portion by stating that facility challenges impact the physicians and clinicians ability to provide the highest quality of care.

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SBH maintains that rather than having an adverse impact on existing providers, the proposed replacement facility will have a positive impact on existing provider and on the community at large. The applicant contends that adverse impact will be non-existent as Atlantic Shores Hospital is already a licensed and existing provider with 60 licensed psychiatric beds and 12 licensed substance abuse beds.

The applicant states it will continue to work collaboratively with the other licensed hospital providers and the local crisis stabilization unit. SBH asserts that ASH has a longstanding collaborative relationship in District 10 as evidenced by its work with the Diversion Task Force. Another positive impact on existing providers, the applicant indicates, is its development of a 16-bed geriatric unit. SBH contends that this unit will help to raise awareness of psychiatric and mental health disorders affecting the elderly, will promote healthy aging strategies and increase access to quality mental health care for the elderly. The applicant maintains that this unit will allow existing providers that do not have a geriatric unit to have more beds available to care for the mental health needs of the younger adult age cohort. It should be noted that according to the architectural review, the proposed psychiatric unit is divided into two 15-bed units and one 30-bed unit. The applicant does not have a designated geriatric unit.

SBH indicates that the proposed replacement hospital will have further positive impact by offering the community a broader continuum of care with its outpatient programming. Additionally, the applicant states it will provide partial hospitalization programs and specialized outpatient group/individual therapy services to ensure continued stabilization and reintegration of patients into the community.

2. Agency Rule Criteria/Preferences

a. Chapter 59C-1.040, Florida Administrative Code, contain factors to be considered in the review of Certificate of Need Applications for hospital inpatient general psychiatric services for adults.

- 1. Rule 59C-1.040(4)(e) 1, Florida Administrative Code: Applicants shall provide evidence in their applications that their proposal is consistent with the needs of the community and other criteria contained in Local Health Council Plans, the district Alcohol, Drug Abuse and Mental Health Plan, and the State Health Plan.**

The applicant states that this application is consistent with the needs of the community and other criteria as well as Florida Department of Children and Families' Substance Abuse and Mental Health Services Plan: 2011-2013. Evidence of this is detailed throughout CON application #10131 in the appropriate sections and/or responses to the state Rules and Criteria. There are no State Health Plan or Local Health Council Plan criteria to meet.

- 2. Rule 59C-1.040(4)(e) 3, Florida Administrative Code: In order to ensure access to hospital inpatient general psychiatric services for Medicaid-eligible and charity care adults, 40 percent of the gross bed need allocated to each district for hospital inpatient general psychiatric services for adults should be allocated to general hospitals.**

SBH states that approval of this application will not alter the district's current inpatient general psychiatric bed inventory as the applicant only seeks to replace the existing hospital and relocate the existing licensed beds to the replacement facility.

3. **Rule 59C-1.040(4)(e) 4, Florida Administrative Code: Regardless of whether bed need is shown under the need formula, no additional hospital inpatient general psychiatric beds for adults shall normally be approved in a district unless the average annual occupancy rate of the licensed hospital inpatient general psychiatric beds for adults in the district equals or exceeds 75 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.**

SBH asserts that approval of the proposed project will not alter District 10's current inpatient general psychiatric bed inventory since the applicant is only seeking to replace the existing hospital. The applicant maintains that approval of CON applications #10131 and #10132 will enhance the district's average occupancy rate since the hospital will have the physical capacity to use all of its 72 licensed hospital beds.

District 10's adult psychiatric beds experienced 51.77 percent occupancy during the CY 2010 reporting period.

- b. **Priority Considerations for hospital inpatient general psychiatric services (Rule 59C-1.040 (5) (i), Florida Administrative Code) (NOTE: All references to child/adolescent psychiatric services are deleted). In weighing and balancing statutory and rule review criteria, preference will be given to both competing and non-competing applicants who:**

1. **Provide Medicaid and charity care days as a percentage of their total patient days of total patient days provided by other hospitals in the district, as determined for the most recent calendar year prior to the year of the application for which data are available from the Health Care Board.**

The applicant states that while freestanding psychiatric and substance abuse hospitals can contract with Medicaid managed care plans, Atlantic Shores Hospital is precluded from participating in the Medicaid Fee for Service Program.

SBH indicates that Atlantic Shores Hospital provided 14.4 percent of its total psychiatric patient days to Medicaid HMO enrollees and another three percent of its patient days to unfunded charity care/self-pay patients in calendar year 2010. This represents 17.4 percent of the applicant's total patient days in 2010. SBH states that the district average for CY 2010 was 16.6 percent. The applicant does not include Medicaid fee for service numbers in the district average.

According to the Florida Center for Health Information & Policy Analysis hospital discharge data for calendar year 2010, ASH provided 14.5 percent to Medicaid HMO enrollees and 2.4 percent to charity/self-pay for a total of 16.9 percent of all patient days. District 10 provided 16.86 percent to Medicaid/Medicaid HMO patients and 8.00 percent to charity for a total of 24.86 percent.

By year two of operation, the applicant forecasts to provide 2,146 psychiatric patient days to Medicaid HMOs and 429 charity care days—representing 14 percent and 2.8 percent of total psychiatric days.

2. Propose to serve the most seriously mentally ill patients to the extent that these patients can benefit from a hospital-based organized inpatient treatment program.

SBH asserts that Atlantic Shores already serves the most seriously mentally ill patients in its existing facility and will continue to do so in the replacement hospital. These patients include but are not limited to suicidal patients, those with acute schizophrenia and those suffering from severe depression.

The applicant states that Admission Criteria Policy requires that the adult patient must be at least 18 years of age and eligible patients are admitted regardless of sex, race or ethnic/social background.

SBH maintains that it reserves the right to refer elsewhere any persons not meeting the stated criteria for admission, exclusions for admission include:

- The program is not designed or equipped to handle patients who are bed ridden or immovable.
- Individuals whose prior history of violent or aggressive behavior is assessed as beyond the capabilities of the staff and physical environment to accommodate.

- Individuals who have an acute, unstabilized medical condition in addition to psychiatric problems.
- Individuals who have contracted communicable diseases and thus require isolation/intensive nursing care.
- Individuals who have extensive physical care needs which may be better served in another facility.

The applicant indicates that when a person is deemed ineligible for admission the reason for refusal is explained and alternatives for treatment are discussed. SBH asserts that every effort is made to provide a referral with the appropriate quality of care and scope of services.

3. Propose to serve Medicaid-eligible persons.

The Shores states it will continue to contract with Medicaid managed care plans and provide charity care in the replacement facility. The applicant states that in CY 2010, Atlantic Shores Hospital provided 14.4 percent⁹ of its total psychiatric patient days to Medicaid HMO enrollees and another three percent of patient days to unfunded charity care/self-pay patients. SBH contends that the 17.4 percent provided by the facility to Medicaid and charity care exceeds the district average of 10.8 percent.¹⁰

According to the Florida Center for Health Information & Policy Analysis hospital discharge data for calendar year 2010, ASH provided 14.5 percent to Medicaid HMO and 2.4 percent to its total inpatient psychiatric days to charity care. District 10 facilities provided 16.86 percent of the total district patient days to Medicaid/Medicaid HMO patients and 8.00 percent to charity care in CY 2010.

SBH projects 1,931 of its psychiatric patient days and 303 substance abuse patient days will be Medicaid HMO payors in year one of operation of the replacement facility. In year two of operation, SBH projects 2,146 psychiatric and 309 substance abuse patient days will be provided to Medicaid HMO enrollees.

⁹ The applicant does not indicate an actual number in the narrative on page 54 of CON application #10131 specifically in answer to this criteria, but did indicate on page 52 that it provided 14.4 percent of its total psychiatric patient days to Medicaid HMO enrollees.

¹⁰ The applicant previously stated and provided a chart on pages 52-53 of CON application #10131 that the district average for 2010 was 16.6 percent not 10.8 percent as indicated in the narrative on page 54 of the application.

Propose to serve individuals without regard to their ability to pay.

The applicant states that patients are treated at ASH and will be treated at the replacement facility, without regard for their ability to pay. Furthermore, SBH states that in fiscal year 2010, Atlantic Shores provided \$196,622 (2.4 percent of net inpatient revenue) in charity care.

4. Agree to be a designated public or private receiving facility.

SBH states that Atlantic Shores is a private Baker Act receiving facility and a Marchman Act receiving facility, and will continue to be at the proposed replacement facility. The applicant indicates that it has conditioned approval of CON application #10131 on the condition it will become a designated Baker Act receiving facility upon licensure and certification.

- b. Minimum Size of Specialty Hospitals (Rule 59C-1.040(3)(e) Florida Administrative Code). A specialty hospital providing hospital inpatient general psychiatric services shall have a minimum total capacity of 40 beds. The minimum capacity of a specialty hospital providing hospital inpatient general psychiatric services may include beds used for hospital inpatient substance abuse services regulated under Rule 59C-1.041, Florida Administrative Code. The separately organized units for hospital inpatient general psychiatric services for adults in specialty hospitals shall have a minimum of 15 beds (Rule 59C-1.040(5), Florida Administrative Code).**

The applicant's proposal is for a 60-bed psychiatric facility and a 12-bed substance abuse program in co-batched CON application #10132, all within a single freestanding Class III specialty hospital in Broward County. SBH maintains that the individual programs and units meet this criterion. The applicant provided a graphic depiction of the separately organized units in Tab V of CON application #10131.

- c. Access Standard. Hospital inpatient general psychiatric services should be available within a maximum ground travel time of 45 minutes under average travel conditions for at least 90 percent of the district's total population (Rule 59C-1.040(6), Florida Administrative Code).**

SBH states that Atlantic Shores receives 70 percent of its total admissions from Broward County and 30 percent from elsewhere (21 percent from other counties in Florida and nine percent from outside the state). The proposed replacement facility will be located in the same

general vicinity as the existing hospital, within east central Broward between Las Olas on the south, Commercial Boulevard on the north, I-95 on the west and Federal Highway on the east. The applicant asserts that all of Broward County's population resides within 45 minutes of existing facilities.

d. Quality of Care.

- 1. Compliance with Agency Standards. Hospital inpatient general psychiatric services for adults shall comply with the Agency standards for program licensure. Applicants who include a statement in their certificate of need application that they will meet applicable Agency licensure standards are deemed to be in compliance with this provision (Rule 59C-1.040(7)(a), Florida Administrative Code).**

The applicant indicates intent to meet all of the applicable licensure standards. SBH states it will meet Agency standards and comply with this rule criterion. Furthermore, the applicant maintains that it will continue to operate a mechanical restraint and seclusion free environment.

- 2. Continuity. Providers of hospital inpatient general psychiatric services shall also provide outpatient services, either directly or through written agreements with community outpatient mental health programs, such as local psychiatrists, local psychologists, community mental health programs, or other local mental health outpatient programs (Rule 59C-1.040(7)(d), Florida Administrative Code).**

SBH states that Atlantic Shores is a longstanding behavioral health hospital provider in Broward County and has a well-established referral network for outpatient services, partial hospitalization programs, intermediate residential facilities, community mental health programs and local psychiatrists/psychologists. The applicant states that these relationships will continue to play a significant role in the inpatient's continuity of care.

The applicant maintains that the proposed facility will have dedicated space for outpatient programming. The outpatient programs will be designed for former inpatients as well as the community at large and will include:

- Partial hospitalization program
- Outpatient and intensive outpatient programming for school aged children and adolescents
- Hospital-based outpatient mental health clinic
- Hospital-based family therapy
- Early intervention program
- Foster care prevention
- Substance abuse prevention for preteens
- Parenting classes
- Hospital-based employee assistance program
- Hospital-based medication monitoring for low functioning adults

SBH indicates that as part of its discharge planning process, it will continue to provide referrals to community mental health centers, local mental health programs and local substance abuse programs.

- 3. Screening Program. All facilities providing hospital inpatient general psychiatric services shall have a screening program to assess the most appropriate treatment for the patient. Patients with a dual diagnosis of a psychiatric disorder shall be evaluated to determine the types of treatment needed, the appropriate treatment setting, and, if necessary, the appropriate sequence of treatment for the psychiatric and substance abuse disorders (Rule 59C-1.040(7)(e), Florida Administrative Code).**

The applicant states that it provides an appropriate medical screening to determine the appropriate level of care for presenting issues to any individual seeking evaluation on hospital grounds. SBH asserts that a medical screening is never delayed in order to verify insurance information.

SBH states that this screening must be completed in full as it identifies chief symptoms, vital signs, general appearance, mental state, medical issues, degree of danger to self or others, medication, mental status, psychiatric and substance abuse treatment history, support system, referral source and time/date of screening.

The ASH emergency medical screening aims to best determine the plan of care for the patient and identify all risk factors. The applicant maintains that the emergency medical screening policy and procedures will be implemented at the proposed facility.

e. Services Description (Rule 59C-1.040(8), Florida Administrative Code). An applicant for hospital inpatient general psychiatric services shall provide a detailed program description in its certificate of need application including:

1. Age groups to be served.

The applicant states it will serve all adults ages 18 and older. Additionally, SBH indicates that the proposed project will have a 16-bed geriatric unit.¹¹

It is noted that the Agency considers adult psychiatric patients to be patients 18 years of age and older. For CON purposes, there is no Agency recognized geriatric designation for adult psychiatric patients.

2. Specialty programs to be provided.

SBH states that a major benefit to the proposed replacement hospital is that there will be more space to provide specialized inpatient programming. Specifically, the applicant could provide more specific group therapy sessions and separate these sessions by the functional level of the patient, age and disorder.

Some of the inpatient programs the applicant currently offers and plans to offer in the new facility include but are not limited to:

- Crisis stabilization
- Specialized geriatric services in a 16-bed geriatric unit
- Behavioral problems and conduct disorders
- Chemical dependency programs
- Dual diagnoses
- Therapies segregated by age
- Trauma focused cognitive behavior therapy
- Sexual addiction therapy
- Abuse therapy
- Familial issues therapy
- Gender specific group therapy
- Eating disorders therapy
- Impaired professional program

¹¹ There is no designated geriatric unit in the architectural drawings. The psychiatric units are divided into two 15-bed units and one 30-bed unit.

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The applicant maintains that offering a continuum of care for its patients will help in successful treatment and that all treatment modalities will be based on a clinical decision from the treatment team.

SBH states that its treatment philosophy is that patients are viewed as holistic persons. The applicant states that it teaches each and every patient the skills to deal with defeats that prevent them from having a fulfilling life.

The applicant indicates that the focus of its therapeutic approach now and at the proposed replacement facility, is based on the following techniques and principles:

- Multidisciplinary approach incorporating psychiatric, psychosocial and medical components
- Therapeutic milieu designed to encourage patient participation in therapeutic, behavioral, nursing and recreational groups
- Components of Cognitive Behavioral Therapy (CBT) and Rational Emotive Behavior Therapy (REBT) incorporated into clinical groups to develop problem solving and coping skills
- Components of Transactional Analysis to facilitate appropriate communication techniques and more functional interpersonal relationships
- 12 Step Recovery targeting those admitted for chemical dependency and expanded to include implementation of the 12 steps in relation to psychiatric conditions.

SBH also includes a brief explanation of some of the therapies that will continue to be used at the proposed facility, these include:

- Nursing services
- Individual therapy
- Family therapy
- Family and patient education
- Pharmacology
- Activities therapy
- Discharge planning
- Referral services

3. Proposed staffing, including the qualifications of the clinical director and a description of staffing appropriate for any specialty program.

The applicant proposes the following staff and FTE counts, for year one and year two.

CON #10131 Forecasted Full Time Equivalents Calendar Years 2014 and 2015				
Position	Year One, 2014		Year Two, 2015	
	Total FTEs	Psych FTEs	Total FTEs	Psych FTEs
Administration				
Administrator	2.3	1.2	2.3	1.2
Director of Nursing	1.0	0.5	1.0	0.5
Admissions Director	1.0	0.5	1.0	0.5
Secretary	1.0	0.5	1.0	0.5
Medical Records Clerk	2.0	1.0	2.0	1.1
Other	19.6	10.2	19.6	10.4
Nursing				
R.N.s	16.8	12.6	16.8	12.6
L.P.N.s	13.7	6.3	13.7	6.3
Nurses Aides	37.0	20.2	41.2	22.3
House Supervisor	4.2	2.2	4.2	2.2
Dietary				
Dietary Supervisor	1.0	0.5	1.0	0.5
Cooks	2.8	1.5	2.8	1.5
Dietary Aides	2.7	1.4	2.7	1.4
Social Services				
Social Service Director	1.0	0.5	1.0	0.5
Activities Assistant	2.5	1.3	2.5	1.4
Therapist	6.1	3.2	6.1	3.3
Housekeeping				
Housekeeping Supervision	1.0	0.5	1.0	0.5
Housekeepers	4.0	2.1	4.0	2.1
Plant Maintenance				
Maintenance Supervisor	1.0	0.5	1.0	0.5
Maintenance Assistance	2.3	1.2	2.3	1.2
Total FTEs	123.0	68.1*	127.2	70.8*

Note: *The applicant's numbers are incorrect, they should be 67.9 and 70.5 respectively
Source: CON application #10131, page 62.

SBH states that this staffing model is based upon historical and current staffing patterns as well as the anticipated occupancy and programs to be provided at the proposed facility. Furthermore, the applicant asserts that the proposed project will create 21 new jobs in the first two years having a positive economic impact on the local economy.

4. Patient groups by primary diagnosis ICD-9 code that will be excluded from treatment.

The applicant states that patient groups that will be excluded from treatment include organic brain syndrome and dementia which would require significant clinical intervention that would not produce positive results. SBH provided the following exclusions:

- Those who are mentally retarded without corresponding affective disturbances or thought disorder.
- Those who require custodial care rather than active psychiatric treatment
- Involuntary admission involving charges for capital offenses and felony cases. Although, the applicant does note it does have a contract with INS to treat non-criminal cases
- Those whose organicity will, in the judgment of a psychiatrist, not progress with a course of inpatient care.

5. Therapeutic approaches to be used.

SBH states that its treatment philosophy is that patients are viewed as holistic persons. The applicant states that it teaches each and every patient the skills to deal with defeats that prevent them from having a fulfilling life.

The Clinical Service team assists patients in recognizing full potential through a variety of means, including but not limited to:

- Crisis interventions
- Group therapy
- Family therapy
- Discharge planning

The applicant indicates that the focus of its therapeutic approach now and at the proposed replacement facility, is based on the following techniques and principles:

- Multidisciplinary approach incorporating psychiatric, psychosocial and medical components
- Therapeutic milieu designed to encourage patient participation in therapeutic, behavioral, nursing and recreational groups
- Components of Cognitive Behavioral Therapy (CBT) and Rational Emotive Behavior Therapy (REBT) incorporated into clinical groups to develop problem solving and coping skills

- Components of Transactional Analysis to facilitate appropriate communication techniques and more functional interpersonal relationships
- 12 Step Recovery targeting those admitted for chemical dependency and expanded to include implementation of the 12 steps in relation to psychiatric conditions.

SBH also includes a brief explanation of some of the therapies that will continue to be used at the proposed facility, these include:

- Nursing services
- Individual therapy
- Group therapy
- Family therapy
- Family and patient education
- Pharmacology
- Activities therapy

6. Expected sources of patient referrals.

The applicant expects to continue to receive patient referrals from the same sources as Atlantic Shores Hospital does presently. SBH provided the following referral sources:

- Henderson Crisis Stabilization Unit
- Law enforcement
- Immigration and Naturalization Services (INS)
- Broward County medical/surgical hospitals without adult inpatient psychiatric beds
- Broward County medical/surgical hospitals with licensed adult inpatient psychiatric beds—either because these facilities are on diversion or because it does not contract for a particular payor and cannot admit the patient
- Attending physicians
- Local psychiatrists, psychologists and other clinicians/physicians
- Managed care companies
- Residential treatment programs
- Court order
- Skilled nursing facilities
- Assisted living facilities
- Schools and universities
- Word of mouth

7. Expected average length of stay for the hospital inpatient general psychiatric services discharges by age group.

Based on the historical utilization of the provider, SBH states that the expected length of stay for all adult psychiatric patients at the proposed facility is 8.0 days. This exceeds the 6.12 ALOS for adult patients in DRGs 880-887 during calendar year 2010 for all patients discharged from psychiatric providers in District 10. This also exceeds the 6.05 ALOS for all adult Broward County resident discharges from inpatient psychiatric facilities in DRGs 880-887 during calendar year 2010.

8. Projected number of hospital inpatient general psychiatric services patient days by payer type, including Medicare, Medicaid, Baker Act, private insurance, self-pay and charity care patient days for the first two years of operation after completion of the proposed project.

The applicant provides a table of forecasted patient days by payer type for each of the first two years of operation at the replacement hospital. SBH states that approximately 20 percent of the facility's current admissions are Baker Act or Marchman Act patients. The applicant anticipates that this 20 percent factor will continue throughout the projection years.

Forecasted Hospital Patient Days for Proposed Replacement Hospital Calendar Years 2014 and 2015						
	Psychiatric Patient Days		Substance Abuse Patient Days		Total Hospital Patient Days	
	CY 2014	CY 2015	CY 2014	CY 2015	CY 2014	CY 2015
Medicare	6,210	6,900	1,775	1,809	7,985	8,709
Medicare HMO	344	383	98	100	442	483
Commercial/Mgd Care	4,926	5,472	1,656	1,685	6,582	7,157
Medicaid	NA	NA	NA	NA	NA	NA
Medicaid HMO	1,931	2,146	303	309	2,234	2,455
Self Pay/Charity	386	429	110	112	496	541
Total	13,797	15,330	3,942	4,015	17,739	19,345

Source: CON application #10131, page 66.

9. Admission policies of the facility with regard to charity care patients.

The applicant states that its parent company, UHS, Inc.'s policy is to provide financial assistance based on federal poverty guidelines to patients with no health insurance, other state, federal health assistance or for whom the out of pocket expenses are significant. SBH maintains that all financial assistance will be provided based on established protocols and completion of applicable forms.

SBH states that Atlantic Shores Hospital provided \$198,622 in charity care representing 2.4 percent of its net inpatient revenue in fiscal year 2010. The applicant maintains that ASH provided three percent of its patient days to unfunded charity care patients. According to the Florida Center for Health Information & Policy Analysis hospital discharge data for calendar year 2010, ASH provided 2.4 percent of its total patient days to charity care and self-pay patients. The applicant asserts it will continue to provide the same level of care to residents of the community regardless of their ability to pay.

- f. Quarterly Reports (Rule 59C-1.040(10), Florida Administrative Code). Facilities providing licensed hospital inpatient general psychiatric services shall report to the agency or its designee, within 45 days after the end of each calendar quarter, the number of hospital inpatient general psychiatric services admissions and patient days by age and primary diagnosis ICD 9 code.**

The applicant's response to this criterion is not applicable to the subject of quarterly reports. It is reproduced verbatim below.

The Applicant is seeking to establish a Class III Specialty Hospital with 60 adult inpatient psychiatric beds as well as 12 adult substance abuse beds via a co-batched CON application (#10132). These beds already exist at ASH as do the 30 adolescent DCF beds that will also be relocated to the proposed hospital if approved.

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.**

In Volume 37, Number 29, dated July 22, 2011 of the Florida Administrative Weekly, a fixed need pool of zero beds was published for adult inpatient psychiatric beds in District 10 for the January 2017 planning horizon.

As of July 22, 2011, District 10 had 459 licensed adult inpatient psychiatric beds and five adult psychiatric beds approved to be delicensed at Memorial Regional Medical Center. On May 5, 2011, Hollywood Pavilion delicensed 10 beds (through notification NF1100006).

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District 10 had 469 licensed beds and an occupancy rate of 51.77 percent during the 12-month period ending December 31, 2010. The applicant is applying to establish a new 60-bed Class III specialty hospital through CON application #10131. The applicant is not responding to a fixed need pool. This project is to build a replacement facility for the 60 beds currently at Atlantic Shores Hospital and therefore will not add any new beds to the market.

SBH states Atlantic Shores is one of eight psychiatric hospital providers in Broward County and accounts for 13.2 percent of all licensed adult psychiatric beds. The applicant maintains that Atlantic Shores is one of only three hospitals in District 10 that have both adult psychiatric and substance abuse beds—an added benefit for those patients that have a dual diagnosis. See the table below.

District 10 Hospitals with Behavioral Health Programs Adult Behavioral Health Bed Inventory			
Hospital	Adult Psychiatric Beds	Adult Substance Abuse Beds	Total
Atlantic Shores Hospital	60	12	72
Broward General Medical Center	83	0	83
North Shore Med Center – FMC	74	0	74
Fort Lauderdale Hospital	48	36	84
Hollywood Pavilion	50	0	50
Imperial Point Medical Center	47	0	47
Memorial Regional Hospital	12	40	52
Plantation General Hospital	0	16	16
University Hospital & Medical Center	52	0	52
District 10 Total	454	76	530

Source: CON application #10131, page 69.

SBH provided historical psychiatric hospital provider utilization and occupancy rates for each psychiatric hospital provider in Broward County. The applicant states that District 10's overall occupancy rate in its adult psychiatric beds has been between 48 and 52 percent for the past three years. SBH contends that since ASH has not been able to utilize all of its licensed bed capacity due to physical space limitations, this has affected the facility and district wide occupancy rate. The applicant maintains that the proposed project along with co-batched CON application #10132 would not alter the district's bed inventory. See the table below.

District 10 Adult Inpatient Psychiatric Utilization CY 2008-2010						
Hospital	CY 2008		CY 2009		CY 2010	
	Patient Days	Occupancy	Patient Days	Occupancy	Patient Days	Occupancy
Atlantic Shores Hospital	11,603	52.8%	10,947	50.0%	10,605	48.4%
Broward General Medical Center	19,837	65.3%	16,795	55.4%	15,648	51.7%
North Shore Med Center—FMC	11,915	44.0%	11,470	42.5%	11,724	43.4%
Fort Lauderdale Hospital	13,081	74.5%	12,894	73.6%	13,847	79.0%
Hollywood Pavilion	8,136	37.0%	6,617	30.2%	7,108	32.5%
Imperial Point Medical Center	9,923	57.7%	9,162	53.4%	11,247	65.6%
Memorial Regional Hospital	12,969	78.7%	13,195	80.3%	13,304	81.0%
University Hospital & Medical Center	11,688	61.4%	11,427	60.2%	13,560	71.4%
District 10 Total	99,152	50.7%	92,507	47.5%	97,043	51.8%

Source: CON application #10131, page 27, from Hospital Bed Need Projections & Services by District –July, 2009-2011.

The applicant maintains that since it is not seeking to alter the licensed bed capacity in the district, the proposed replacement facility will enhance access for Broward County residents to already licensed adult psychiatric beds. SBH contends that the proposed facility will increase its occupancy rates as well as the district’s overall occupancy rate.

The applicant indicates that the proposed replacement facility will allow enough physical space to enhance accessibility and utilization to specialized inpatient programming. SBH states that the proposed facility will have a 16-bed geriatric unit, impaired professionals program, sexual addiction program and therapies segregated by diagnosis and age. Furthermore, SBH maintains that the proposed replacement facility will be large enough to house a partial hospitalization program and outpatient programs.

SBH asserts that the proposed project will provide a full continuum of care and the best therapeutic options to prevent relapse for those residents afflicted with behavioral health disease and disorders. The applicant also contends that the replacement facility will have increased functional capacity, a separate entrance, triage, and a holding area for patients thereby allowing a greater number of Baker Act and Marchman Act admissions. In addition, SBH states it will continue to provide accessible behavioral health care to medically indigent patients and those enrolled in Medicaid HMO plans.

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

The applicant states that it does not have a history of providing quality care because it is a newly formed entity for the purposes of filing CON application #10131. The applicant asserts that the new entity will adopt all policies and procedures as well as the quality assurance program and performance improvement plan of ASH.

SBH maintains that Atlantic Shores Hospital has a history of providing quality care as evidenced by its two Joint Commission Accreditations for Hospital Accreditation and Behavioral Health Accreditation.

The applicant states that it shares the companywide commitment of UHS, its parent company, to providing only the very highest quality of care. The UHS mission statement is provided in the application, “to provide quality healthcare services the patients recommend to families & friends, physicians prefer for their patients, purchasers select for their clients, employees are proud of and investors seek for long-term results.” The applicant also includes UHS’s statement of principles that set rules and guidelines to accomplish the organizational mission.

The applicant states that ASH has a performance improvement plan that focuses on improving the important functions and processes of the organization in order to increase the quality of care and patient outcome as well as to enhance operational efficiency. The applicant indicates that the performance improvement program strives to ensure that a uniform balance of patient care is provided of all clients through a continuum of services. The applicant maintains that the performance improvement plan is dedicated to improving care and service and thereby the performance of all professionals. Additionally SBH states that the following facility wide functions occur on an ongoing and continuous basis:

- Quality council
- Surveillance, prevention and control of infection
- Risk management program
- Utilization management
- Management of the environment of care and risk assessment
- Management of Information
- Medication use

The applicant states that it uses a systematic approach to improving performance and to establish necessary processes and mechanisms.

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SBH states that it and its parent company, UHS, provide a variety of continuing education courses for employees in three categories: New hire orientation, general in-service courses and health stream courses. The applicant provides a sample listing of these courses on pages 74-75 of CON application #10131. Furthermore, SBH asserts that once employees have completed training, an online transcript it kept and evaluated by the human resources department.

Agency data obtained October 28, 2011 indicates that the seven UHS hospitals had a total of 22 substantiated complaints during the previous 36 months. A single complaint can encompass multiple complaint categories. A table below has these listed by complaint categories.

UHS Substantiated Complaint Categories for the Past 36 Months	
Complaint Category	Number Substantiated
Quality of Care/Treatment	4
Patient Rights	3
Lack of Supervision	3
Nursing Services	2
Patient Abuse/Neglect	2
Physical Environment	2
Chapter 394/Baker Act	1
Infection Control	1
Resident/Patient/Client Rights	1
Resident/Patient/Client Abuse	1
Admission, Transfer & Discharge Rights	1
State Licensure	1
Emergency Access	1
Administration/Personnel	1
EMTALA	1
Medicine Prob/Errors/Formulary	1
Sanitation	1
Inappropriate Discharge	1
Plan of Care	1

Source: Agency for Health Care Administration complaint records.

Agency data obtained October 14, 2011 indicates that Atlantic Shores Hospital had a total of two substantiated complaints during the previous 36 months in the following categories: nursing services, quality of care/treatment and physical environment. A single complaint can encompass multiple complaint categories.

- 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 Shores Behavioral Hospital, LLC states that it is proposing to establish a 72-bed replacement psychiatric hospital. The hospital would replace Atlantic Shores Hospital in District 10, Broward County, Florida. The applicant is applying for two CONs to establish this hospital, 60 adult psychiatric beds (10131) and 12 adult substance abuse specialty beds (10132). In addition to the 72 beds, the applicant will also construct a 30-bed residential treatment center (not subject to CON review). Because the applicant indicated that CONs 10131 and 10132 are contingent on each other's approval, we will evaluate the financial portion of the CON as a single project. The financial impact of the combined CON projects is \$17,257,259.

Analysis:

The applicant is a development stage company and at the time of the audit had no operations. The applicant, a Florida limited liability company, will be funded by its parent, Universal Health Services, Inc. (parent). The applicant provided its parent's audited financial statement for the periods ending December 31, 2010 and 2009. 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.

Short-Term Position:

The parent's current ratio of 1.6 indicates current assets are more than 1.6 times current obligations, an adequate position. The ratio of cash flow to current liabilities of 0.6 is slightly below average and an adequate position. The working capital (current assets less current liabilities) of \$504.8 million is a measure of excess liquidity that could be used to fund capital projects. Overall, the parent has an adequate short-term position. (See Table 1).

Long-Term Position:

The ratio of long-term debt to net assets of 2.3 is well above average and indicates that long-term debt exceeds equity. With long-term debt exceeding equity, the parent may have difficulty acquiring future debt in an arms-length transaction. The ratio of cash flow to assets of 6.7 percent is just below average and an adequate position. The most recent year had an operating gain of \$428.1 million, which resulted in a 7.7 percent operating margin. Overall, the parent has an adequate long-term position. (See Table 1).

TABLE 1		
UNIVERSAL HEALTH SERVICES, INC.		
	09/30/10	09/30/09
Current Assets (CA)	\$1,331,116,000	\$796,197,000
Cash and Current Investment	\$29,474,000	\$9,180,000
Total Assets (TA)	\$7,527,936,000	\$3,964,463,000
Current Liabilities (CL)	\$826,299,000	\$582,817,000
Total Liabilities (TL)	\$5,504,165,000	\$2,172,069,000
Net Assets (NA)	\$2,023,771,000	\$1,792,394,000
Total Revenues (TR)	\$5,568,185,000	\$5,202,379,000
Interest Expense (Int)	\$77,600,000	\$45,810,000
Excess of Revenues Over Expenses (ER)	\$428,097,000	\$474,722,000
Cash Flow from Operations (CFO)	\$501,344,000	\$541,262,000
Working Capital	\$504,817,000	\$213,380,000

FINANCIAL RATIOS		
	09/30/10	09/30/09
Current Ratio (CA/CL)	1.6	1.4
Cash Flow to Current Liabilities (CFO/CL)	0.6	0.9
Long-Term Debt to Net Assets (TL-CL/NA)	2.3	0.9
Times Interest Earned (ER+Int/Int)	6.5	11.4
Net Assets to Total Assets (NA/TA)	26.9%	45.2%
Operating Margin (ER/TR)	7.7%	9.1%
Return on Assets (ER/TA)	5.7%	12.0%
Operating Cash Flow to Assets (CFO/TA)	6.7%	13.7%

Capital Requirements:

Schedule 2 indicates total capital projects of \$24,456,118 which consist of the CONs subject to this review, 30 residential treatment beds and routine capital.

Available Capital:

Funding for this project will be provided by the parent company. Based on our review, the parent has available working capital of \$504.8 million and cash flow from operations of \$501.3 million.

Staffing:

The applicant proposes the following staff and FTE counts, for year one and year two.

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CON #10131 Forecasted Full Time Equivalents Calendar Years 2014 and 2015				
Position	Year One, 2014		Year Two, 2015	
	Total FTEs	Psych FTEs	Total FTEs	Psych FTEs
Administration				
Administrator	2.3	1.2	2.3	1.2
Director of Nursing	1.0	0.5	1.0	0.5
Admissions Director	1.0	0.5	1.0	0.5
Secretary	1.0	0.5	1.0	0.5
Medical Records Clerk	2.0	1.0	2.0	1.1
Other	19.6	10.2	19.6	10.4
Nursing				
R.N.s	16.8	12.6	16.8	12.6
L.P.N.s	13.7	6.3	13.7	6.3
Nurses Aides	37.0	20.2	41.2	22.3
House Supervisor	4.2	2.2	4.2	2.2
Dietary				
Dietary Supervisor	1.0	0.5	1.0	0.5
Cooks	2.8	1.5	2.8	1.5
Dietary Aides	2.7	1.4	2.7	1.4
Social Services				
Social Service Director	1.0	0.5	1.0	0.5
Activities Assistant	2.5	1.3	2.5	1.4
Therapist	6.1	3.2	6.1	3.3
Housekeeping				
Housekeeping Supervision	1.0	0.5	1.0	0.5
Housekeepers	4.0	2.1	4.0	2.1
Plant Maintenance				
Maintenance Supervisor	1.0	0.5	1.0	0.5
Maintenance Assistance	2.3	1.2	2.3	1.2
Total FTEs	123.0	68.1*	127.2	70.8*

*These numbers are incorrectly added by the applicant, they should be 67.9 and 70.5 respectively.
Source: CON application #10131, page 62.

SBH states that this staffing model is based upon historical and current staffing patterns as well as the anticipated occupancy and programs to be provided at the proposed facility. The applicant indicates that allocation of staffing is based on forecasted patient days by program.

Conclusion:

Funding for this project and the entire capital budget should be available as needed.

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

A comparison of the 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 applicant was compared to hospitals in the short-term psychiatric group (Group 15). We used the case mix index for Atlantic Shores Hospital as the applicant will be de-licensing that facility and the existing patients will be transferred to the new facility. Per diem rates are projected to increase by an average of 3.0 percent per year. Inflation adjustments were based on the new CMS Market Basket, 2nd Quarter, 2011.

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 \$608 in year one and \$612 in year two is between the control group lowest and median values of \$143 and \$633 in year one and \$146 and \$646 in year two. With net revenues falling between the lowest and median level, the facility is expected to consume health care resources in proportion to the services provided. (See Table 2). The applicant's NRAPD in fiscal year 2009 was reported as \$583. The difference in the NRAPD reported in 2009 and the year two projected NRAPD of \$612 results in an average

compound annual increase of approximately 1.7 percent. This level of increase is lower than the inflation percentage outlined in the CMS Market Basket, 2nd Quarter, 2011, index. 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 \$545 in year one and \$523 in year two is between the control group lowest and median values of \$404 and \$702 in year one and \$412 and \$716 in year two. With projected cost between the median and lowest values in the control group, the year two costs are considered efficient. (See Table 2). The applicant's CAPD in 2009 was reported as \$612. The difference in the CAPD reported in 2009 and the year two projected CAPD of \$523 results in an average compound annual decrease of approximately 5.1 percent. Expecting a net decrease in operating cost six years into the future is an unrealistic assumption even given any efficiencies and economies of scale realized on the new facility. Expenses appear to be understated.

The year two projected operating income for the project of \$1.7 million computes to an operating margin per adjusted patient day of \$89 or 14.5 percent which exceeds the highest value in the group of \$87. As discussed above, expenses are likely understated resulting in an excessive expected profit. However, profitability is achievable given the applicant's projected occupancy but at a lower level.

Conclusion:

This project appears to be financially feasible.

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TABLE 2

The Shores Behavioral Hospital

**CON #10131 and 10132
2009 DATA Peer Group 15**

	Dec-15 YEAR 2 ACTIVITY	YEAR 2 ACTIVITY PER DAY	VALUES ADJUSTED FOR INFLATION		
			Highest	Median	Lowest
ROUTINE SERVICES	22,440,200	1,158	1,821	1,276	618
INPATIENT AMBULATORY	0	0	0	0	0
INPATIENT SURGERY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES (P)	0	0	248	0	0
OUTPATIENT SERVICES (Q)	0	0	298	0	0
TOTAL PATIENT SERVICES REV. (R)	22,440,200	1,158	1,881	1,426	825
OTHER OPERATING REVENUE	35,921	2	72	1	0
TOTAL REVENUE	22,476,121	1,160	1,884	1,427	828
DEDUCTIONS FROM REVENUE	10,618,795	548	0	0	0
NET REVENUES	11,857,326	612	783	646	146
EXPENSES					
ROUTINE	3,685,405	190	705	256	127
ANCILLARY	467,681	24	209	27	0
AMBULATORY	0	0	0	0	0
TOTAL PATIENT CARE COST	4,153,086	214	0	0	0
ADMIN. AND OVERHEAD	3,851,388	199	0	0	0
PROPERTY	2,132,309	110	0	0	0
TOTAL OVERHEAD EXPENSE (V)	5,983,697	309	961	407	156
OTHER OPERATING EXPENSE	0	0	0	0	0
TOTAL EXPENSES	10,136,783	523	1,291	716	412
OPERATING INCOME	1,720,543	89 14.5%	87	-36	-562
PATIENT DAYS	19,345				
ADJUSTED PATIENT DAYS	19,376				
TOTAL BED DAYS AVAILABLE	26,280				
ADJ. FACTOR	0.9984				
TOTAL NUMBER OF BEDS	72				
PERCENT OCCUPANCY	73.61%				
			VALUES NOT ADJUSTED FOR INFLATION		
			<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
			94.7%	68.1%	18.8%
PAYER TYPE	<u>PATIENT DAYS</u>	<u>% TOTAL</u>			
SELF PAY	541	2.8%			
MEDICAID (BA)	0	0.0%	0.0%	0.0%	0.0%
MEDICAID HMO	2,455	12.7%			
MEDICARE (AW)	8,709	45.0%	95.6%	42.7%	15.8%
MEDICARE HMO	483	2.5%			
INSURANCE	6,384	33.0%			
HMO/PPO (BF)	773	4.0%	71.5%	30.8%	1.9%
OTHER	0	0.0%			
TOTAL	19,345	100%			

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

This application along with its companion is essentially a replacement of an existing psychiatric hospital. As such, the market will not be substantially different than it currently exists.

Conclusion:

This project is not likely to result in price-based competition.

- f. **Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? ss. 408.035(1)(h), Florida Statutes.; Ch. 59A-3 or 59A-4, Florida Administrative Code.**

As co-batched CON applications #10131 and #10132 are essentially for a replacement hospital, the architectural review is for the entire facility.

The facility will be a single-story building housing a 60-bed psychiatric unit, a 12-bed substance abuse unit and a 30-bed residential treatment center. The plans and project narrative indicate the building will be fully sprinklered and of FBC Type I-B, and NFPA (3,3,2) construction. Both construction types are sufficient for the occupancy and building size. The applicant also acknowledges that disaster preparedness issue will be criteria in selecting a site, building design and construction.

The facility is divided into areas that are located at the perimeter of central courtyards. A combination of corridors and covered walkways connect all areas. The public spaces and administrative offices are located near the main entrance to the facility. This arrangement limits unnecessary traffic through the substance abuse and psychiatric units. Public toilet facilities for both male and female visitor have been included and are conveniently located near the public waiting space.

The rooms will be made up of a mixture of 28 semi-private rooms and four private ADA accessible rooms in the psychiatric unit and 12 semi-private rooms in the substance abuse unit. Toilet/shower rooms are provided within each patient room. At least 10 percent of the patient bedroom and attached toilet/shower rooms shall meet accessibility standards as required by the Florida Building Code, therefore one patient room in the substance abuse unit shall need to be modified to meet the requirements.

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The patient care is divided into two 30-bed units for psychiatric and a 12-bed unit for substance abuse, each containing all the required support spaces which appear to be adequately sized. Social spaces have been provided and are in compliance; however, if dining is located in a separate space it shall need to be 20 square feet per patient.

Seclusion rooms are provided as required, and exceed the minimum size requirements. Some slight modification will be needed for these rooms in order to reduce the length of the room to 11'-0" or less.

The applicant states the construction will conform to all current applicable building codes, including the National Fire Protection Association codes and the requirements of the Florida Building Code.

Overall, the proposed project, as submitted is designed to be functional and efficient and does not indicate any major impediments that would prevent the design and construction of a code compliant facility.

The estimated construction costs and project completion forecast appear to be reasonable. Total cost includes the 60-bed psychiatric unit, 12-bed substance abuse unit and a 30-bed residential treatment center.

The plans submitted with this application were schematic in detail with the expectation that they will need to be revised and refined during the design development (preliminary) and contract document stages.

The architectural review of the application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the owner.

- 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 applicant states that it is a new entity formed for purposes of filing CON applications #10131 and #10132 to replace Atlantic Shores Hospital. SBH asserts that Atlantic Shores does have a long history of providing health services to Medicaid patients and the medically indigent.

As a freestanding psychiatric and substance abuse hospital, ASH is precluded from participating in the Medicaid Fee for Service Program but does contract with Medicaid Managed Care plans.

In fiscal year 2010, the applicant states that Atlantic Shores provided \$196,622 in charity care representing 2.4 percent of its net inpatient revenue.¹² ASH provided patient days by select payor groups for psychiatric providers in District 10.¹³ See the table below.

Adult Psychiatric Hospitals MDC 20 Adult Patient Days by Provider					
Hospital	Charity/ Self-pay Days	Medicaid HMO Days	Medicaid HMO/ Charity/ Self-pay	Medicaid Fee for Service Days	Total Patient Days
Atlantic Shores Hospital*	309	1,468	1,777	NA	10,212
North Shore Med Center – FMC	1,401	1,211	2,612	2,154	11,703
Memorial Regional Hospital	1,847	1,657	3,504	1,457	13,086
Broward General Medical Center	960	1,610	2,570	2,669	15,600
University Hospital & Medical Center	1,803	860	2,663	670	13,264
Imperial Point Medical Center	1,192	917	2,109	1,254	11,203
Hollywood Pavilion	138	66	204	NA	6,451
Fort Lauderdale Hospital*	109	0	109	NA	12,037
District 10 Total	7,759	7,789	15,548	8,204	93,556
Percentage of Hospital's Total Patient Days					
Atlantic Shores Hospital*	3.0%	14.4%	17.4%	--	
North Shore Med Center – FMC	12.0%	10.3%	22.3%	18.4%	
Memorial Regional Hospital	14.1%	12.7%	26.8%	11.1%	
Broward General Medical Center	6.2%	10.3%	16.5%	17.1%	
University Hospital & Medical Center	13.6%	6.5%	20.1%	5.1%	
Imperial Point Medical Center	10.6%	8.2%	18.8%	11.2%	
Hollywood Pavilion	2.1%	1.0%	3.2%	--	
Fort Lauderdale Hospital*	0.9%	0.0%	0.9%	--	
District 10 Total	10.7%	2.8%	13.5%	2.1%	

*Atlantic Shores Hospital and Fort Lauderdale Hospital share UHS as their parent company.
Source: CON application #10131, page 83.

SBH states that the 17.4 percent of total patient days in 2010 to Medicaid HMO enrollees and charity/self-pay patients exceeds the district average of 16.6 percent¹⁴. The applicant does not include Medicaid Fee for Service numbers in the district average.

The applicant states that by year two, it forecasts to provide 2,146 psychiatric patient days for Medicaid HMO and 429 charity care/self-pay which represents 16.8 percent of total forecasted psychiatric days. SBH maintains that 16.8 percent is comparable to Atlantic Shores Hospital's historical commitment to the unfunded and underfunded patient population.

¹² This was confirmed by Florida Hospital Uniform Reporting System (FHURS) 2010 Actual Reports.

¹³ Based on FHURS 2010 Actual Reports, Atlantic Shores Hospital had zero Medicaid days and 1.2 percent charity patient days. Fort Lauderdale Hospital had zero Medicaid days and 0.8 percent charity patient days.

¹⁴ It should be noted that on page 49 of CON application, the applicant cited 10.8 percent as the district average. According to the Florida Center for Health Information & Policy Analysis hospital discharge data for calendar year 2010 the district average was 24.9 percent for Medicaid/Medicaid HMO and charity care/self-pay patients.

F. SUMMARY

The Shores Behavioral Hospital, LLC (CON #10131) proposes the establishment of a Class III specialty hospital with 60 adult psychiatric beds in District 10, Broward County, Florida. The applicant states that this CON application is contingent upon the approval of co-batched CON application #10132, which seeks to establish a Class III specialty hospital with a 12-bed adult substance abuse program. As previously stated, the licensee could have filed one CON application for a replacement facility.

The applicant proposes the following conditions for CON application #10131.

1. Approval of this CON application to establish a Class III specialty hospital with 60 adult psychiatric beds is contingent upon approval of the co-batched CON application #10132 to establish a 12-bed adult substance abuse program in addition to the 60 adult psychiatric beds.
2. Concurrent to licensure and certification of 60 adult inpatient psychiatric beds, 12 adult substance abuse beds and 30 adolescent residential treatment (DCF) beds at The Shores Behavioral Hospital, LLC, all 72 hospital beds and 30 adolescent residential beds at Atlantic Shores Hospital will be delicensed.
3. The Shores Behavioral Hospital will become a designated Baker Act Receiving Facility upon licensure and certification.
4. Upon licensure and certification The Shores Behavioral Hospital will seek Joint Commission Accreditation.

The proposed project involves a total cost of \$24,406,118. The total project cost includes: land, building, equipment, project development, financing and start-up costs. The applicant indicates that the project consists of 67,809 GSF of new construction and a total construction cost of \$12,845,375.

Need

In Volume 37, Number 29, dated July 22, 2011 of the Florida Administrative Weekly, a fixed need pool of zero beds was published for adult inpatient psychiatric beds in District 10 for the January 2017 planning horizon.

As of July 22, 2011, District 10 had 459 licensed adult inpatient psychiatric beds and five CON adult psychiatric beds approved to delicense.

District 10 had 469 licensed beds and an occupancy rate of 51.77 percent during CY 2010.

The applicant is applying to establish a new 60-bed Class III specialty hospital through CON application #10131. The applicant is not responding to a fixed need pool. SBH states that this project is to build a replacement facility for the 60 beds currently at Atlantic Shores Hospital and therefore will not add any new beds to the market.

The applicant states that there is a quantitative need and qualitative need to replace the ASH facility. The applicant contends that because of the current conditions, Atlantic Shores Hospital is only able to operate between 45 and 50 beds.

SBH maintains that while the presented analysis justified the incremental utilization based on population growth, migration patterns and enhanced accessibility—the more pressing need to replace this hospital stems from challenges with the existing facility itself. The applicant states that the current limitations are widespread and include: clinical, operational and facility challenges.

SBH contends that, rather than having an adverse impact on existing providers, the proposed replacement facility will have a positive impact on existing provider and on the community at large.

Quality of Care

The applicant states that it does not have a history of providing quality care because it is a newly formed entity for the purposes of filing CON application #10131. The applicant asserts that the new entity will adopt all policies and procedures as well as the quality assurance program and performance improvement plan of ASH.

SBH maintains that ASH has a history of providing quality care as evidenced by its two Joint Commission Accreditations for Hospital Accreditation and Behavioral Health Accreditation.

Agency data shows that UHS's seven hospitals had a total of 22 substantiated complaints in 19 categories during the previous 36 months. Agency data shows that Atlantic Shores Hospital had a total of two substantiated complaints in three categories during the previous 36 months.

Cost/Financial Analysis

Funding for this project and the entire capital budget should be available as needed. This project appears to be financially feasible.

Medicaid/Indigent Care

The applicant states that it is a new entity formed for purposes of filing CON applications #10131 and #10132 to replace Atlantic Shores Hospital. SBH asserts that ASH does have a long history of providing health services to Medicaid patients and the medically indigent.

The applicant states that by year two, it forecasts to provide 2,146 psychiatric patient days for Medicaid HMO and 429 charity care/self-pay which represents 16.8 percent of total forecasted psychiatric days. SBH maintains that 16.8 percent is comparable to Atlantic Shores Hospital's historical commitment to the unfunded and underfunded patient population.

Atlantic Shores Hospital does not have a Medicaid or charity care condition and the applicant does not propose to condition project approval to Medicaid or charity care patient days.

Architectural Analysis

The facility will be a single-story building housing a 60-bed psychiatric unit, a 12-bed substance abuse unit and a 30-bed residential treatment center. The plans and project narrative indicate the building will be fully sprinklered and of FBC Type I-B, and NFPA (3,3,2) construction. Both construction types are sufficient for the occupancy and building size.

The applicant states the construction will conform to all current applicable building codes, including the National Fire Protection Association codes and the requirements of the Florida Building Code.

The estimated construction costs and project completion forecast appear to be reasonable. The cost includes the 60 adult psychiatric beds, 12-bed substance abuse unit and a 30-bed residential treatment center.

G. RECOMMENDATION

Approve CON #10131 to establish a 60-bed adult inpatient psychiatric hospital in Broward County, District 10. The total project cost is \$24,406,118. The project involves 67,809 GSF of new construction and a total construction cost of \$12,845,375.

CONDITIONS:

1. Approval of this CON application to establish a Class III specialty hospital with 60 adult psychiatric beds is contingent upon approval of the co-batched CON application #10132 to establish a 12-bed adult substance abuse program in addition to the 60 adult psychiatric beds.
2. Concurrent to licensure and certification of 60 adult inpatient psychiatric beds, 12 adult substance abuse beds and 30 adolescent residential treatment (DCF) beds at The Shores Behavioral Hospital, LLC, all 72 hospital beds and 30 adolescent residential beds at Atlantic Shores Hospital will be delicensed.
3. The Shores Behavioral Hospital will become a designated Baker Act Receiving Facility upon licensure and certification.

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
Chief, Bureau of Health Facility Regulation