

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

The Shores Behavioral Hospital, LLC/CON #10132

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 a 12-bed adult inpatient substance abuse program in District 10, Broward County.

Letters of Support

The Shores Behavioral Hospital, LLC (CON #10132) submitted 13 unduplicated letters of support for the project (CON application #10132, 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 Broward County “simply does not have enough substance abuse services to accommodate the population in need”. She adds that “Every week we work with over a dozen families who are in crisis and in Marchman Act Court...

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, states that “The Shores Behavioral, and its related service providers, have tirelessly served the citizens of South Florida and its growing problems related to the scourge of addiction that has plagued our community.” He concludes, “The State of Florida needs to approve 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, “Broward County is in desperate need for additional mental health and substance abuse services.” 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, sent in a letter of opposition. It should be noted that none of the Broward Health facilities provide inpatient substance abuse services. Mr. Nask 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 2017.¹
- 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.

¹ Broward Health's reference cited is for adult inpatient beds and CON #10132 is adult substance abuse beds, so Rule 59C-1.041(4) (c) F.A.C. is the appropriate citation.

- Atlantic Shores provided no charity care during calendar year 2010², 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.³

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, 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 application.⁴ 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 #10132) proposes to establish a Class III specialty hospital with a 12-bed adult substance abuse program in District 10, Broward County, Florida. The applicant states that this CON application is contingent upon the approval of co-batched CON application #10131, which seeks to establish a Class III specialty hospital with 60 adult psychiatric beds.

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.

² Broward Health cites Intellimed data as the source of this information.

³ Broward Health indicates this solution was exercised by The Family at Sunrise.

⁴ 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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The applicant proposes the following conditions for CON application #10132.

- Approval of this CON application to establish a Class III specialty hospital with 12-bed adult substance abuse program is contingent upon approval of the co-batched CON application #10131 to establish a Class III specialty hospital with 60 adult psychiatric beds.
- Concurrent to licensure and certification of 12 adult substance abuse beds, 60 adult inpatient psychiatric 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 Marchman 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 conditions 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 substance abuse beds in District 10 for the January 2017 planning horizon.

As of July 22, 2011, District 10 had 75 licensed adult substance abuse beds and notification (NF1000023) from Memorial Regional Hospital to add one adult substance abuse bed through delicensure of one adult inpatient psychiatric bed. District 10's licensed beds had an occupancy rate of 56.07 percent during the 12-month period ending December 31, 2010⁵. The applicant is applying to establish a 12-bed substance abuse program through CON application #10132. 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 12 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.

⁵ The Family at Sunrise, which included 20 substance abuse beds, was delicensed September 7, 2010.

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Of the four facilities in District 10 with currently licensed adult substance abuse beds, two are general hospitals (Class 1) and two are freestanding (Class 3), as follows:

**District 10 Adult Substance Abuse Utilization
Calendar Year 2010**

Facility	Service Class	# Adult Beds	Adult Occupancy
Atlantic Shores Hospital	Class 3	12	53.52%
Fort Lauderdale Hospital	Class 3	36	81.31%
Memorial Regional Hospital	Class 1	11	75.99%
Plantation General Hospital	Class 1	16	35.50%
The Family at Sunrise (Delicensed 9/7/10)	Class 3	20	0.0%
District 10 Total		95	56.07%

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 substance abuse programs. 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 Substance Abuse Programs



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.

**Population Estimates for District 10 (Population Age 18 and Over)
Percent Change from 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 #10132) states that it is proposing to develop a 72-bed Class III specialty hospital with this application and co-batched CON application #10131. 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”. 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. 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 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 #10132, page 14 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 maintains 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 for July 1		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 #10132, page 14 from AHCA Population Estimates, September 2010.

The Shores contends that there was a 10.4 percent (1,657 adult discharges) increase in adult resident discharges with a psychiatric or substance abuse disorder (MDCs 19 and 20) from 2008 to 2010. The applicant states that while the increase in adult substance abuse cases was lower than psychiatric cases at only 2.1 percent (69 adult discharges), there was significant growth at 5.4 percent (11 adult discharges) amongst the 65 and older cohort. 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 #10132, page 15.

The applicant provides the substance abuse discharges for Broward County residents for CY 2010 and notes that these discharges do not include the 46 percent of Atlantic Shores Hospital's total 490 admissions that reside outside Broward County.

District 10 Resident Substance Abuse (MDC 20) Discharges by Age Cohort & Facility Calendar Year 2010			
Hospital	Ages 18-64	Ages 65+	Total Adult
Atlantic Shores Hospital	250	14	264
Fort Lauderdale Hospital	686	30	716
Memorial Regional Hospital	691	31	722
Plantation General Hospital	39	2	41
All Other Hospitals	1,504	136	1,640
District 10 Total	3,170	213	3,383
Market Share			
Atlantic Shores Hospital	7.9%	6.6%	7.8%
Fort Lauderdale Hospital	21.6%	14.1%	21.2%
Memorial Regional Hospital	21.8%	14.6%	21.3%
Plantation General Hospital	1.2%	0.9%	1.2%
All Other Hospitals	47.4%	63.8%	48.5%
District 10 Total	100.0%	100.0%	100.0%

Source: CON application #10132, Page 16.

The Shores indicates that there will be 18 incremental Broward County substance abuse discharges from 2010 to 2014, all in the age 65 and older cohort. The Shores maintains that this will increase to 33 incremental cases by 2015 based solely on population growth in the county.

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The applicant states that nearly 10 percent (335 cases of 3,383 cases) of Broward County residents received inpatient substance abuse treatment in a non-Broward County facility and this percentage is higher for the 65 and older age cohort (13.3 percent or 28 of 213 cases). The Shores maintains that 75 percent (252 of 335) patients sought treatment in contiguous Miami-Dade and Palm Beach Counties.

District 10 Adult Substance Abuse (MDC 20) Resident Discharges By Age Cohort & Facility County Calendar Year 2010			
	Ages 18-64	Ages 65+	Total
Broward County Hospitals	2,863	185	3,048
Other Counties	307	28	335
Total Resident Discharges	3,170	213	3,383
By Percent			
Broward County Hospitals	90.3%	86.9%	90.1%
Contiguous Counties	9.7%	13.1%	9.9%

Source: CON application #10132, Page 19.

The Shores contends that when the proposed facility becomes accessible to Broward County residents, an additional 56 substance abuse cases will remain in Broward County facilities. The applicant provides a table with forecasted incremental utilization for 2014 and 2015 (year one and two of operation) using its 6.6 average length of stay (ALOS) experience. The Shores contends that resulting increase in the substance abuse census is approximately two. The applicant asserts that even though Atlantic Shores Hospital operates its 12 substance abuse beds at near full occupancy (an ADC of between 10 and 11 patients)⁶, it will be able to accommodate an incremental ADC of one to two additional patients. (See the table below). The Shores maintains that existing providers already serve the existing population and because of the incremental growth in the market, there will be no adverse impact to existing substance abuse providers with the proposed project.

⁶ According to information supplied to the local health council by Atlantic Shores Hospital, it provided 2,344 total substance abuse patient days in calendar year 2010 which was an ADC of 6.42. Later on in the narrative, page 25, the applicant claims that this discrepancy is a result of an apparent misreporting of CY 2010 substance abuse day in the Hospital Bed Need Projections publication. Local health council data supplied by Atlantic Shores Hospital for the first six months of 2011 shows an ADC of 7.67.

District 10 Forecasted Incremental Utilization by Age Cohort						
	2014, Year One			2015, Year Two		
	18-64	65+	Total	18-64	65+	Total
Incremental Discharges	(2)	20	18	8	25	33
In-Migration (30%)	(1)	6	5	2	8	10
Reduction in Out-Migration	51	5	56	51	6	57
Total Incremental Discharges	48	31	79	61	39	100
Average Length of Stay	6.6			6.6		
Forecasted Incremental Utilization						
Patient Days	317	205	521	405	254	659
Census	0.9	0.6	1.4	1.1	0.7	1.8

Source: CON application #10132, page 20.

The applicant provided a forecasted utilization in the first two years of operation based on incremental population growth, in-migration, enhanced access and utilization of inpatient behavioral beds, specialized programming for geriatrics and the frequency of diversion of 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 #10132, pages 21 & 22.

The Shores maintains that the forecasted occupancy rates are realistic and achievable given ASH's current ADC of 37.3 patients. Local health council data reported by Atlantic Shores Hospital indicates that the facility reported 10,605 adult psychiatric 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 calendar year 2010. It should be noted that the applicant states that Atlantic Shores Hospital misreported substance abuse days in 2010. According to the Florida Center for Health Information & Policy Analysis hospital discharge data, ASH did under report patient days for substance abuse but over reported adult psychiatric patient days.

The applicant provided historical hospital based adult substance abuse utilization and occupancy rates for each hospital provider in Broward County. The Shores states that ASH saw a decline in its occupancy rate between 2008 and 2009 and ASH misreported to AHCA for its need publication in 2010. The applicant maintains that since 2010, ASH has gained new leadership and works collaboratively with the other two Universal Health Service’s facilities to provide complementary services for the community at large. The Shores contends that ASH has an average daily substance abuse census of 10.5 patients in its 12 beds resulting in an 87 percent occupancy rate versus the 9.4 census and 78.4 percent occupancy rate it had in 2010. According to the data supplied to the local health council by Atlantic Shores Hospital, the hospital had a 7.7 ADC and 64 percent occupancy rate for the first six months of 2011.

District 10 Adult Substance Abuse Hospital Providers as Provided by the Applicant						
Hospital	CY 2008		CY 2009		CY 2010	
	Patient Days	Occupancy	Patient Days	Occupancy	Patient Days	Occupancy
<i>Atlantic Shores Hospital*</i>	3,187	72.6%	3,022	69.0%	3,434	78.4%
Fort Lauderdale Hospital	7,763	58.9%	9,331	71.0%	10,684	81.3%
Memorial Regional Hospital	3,262	81.0%	3,251	81.0%	3,051	76.0%
Plantation General Hospital	2,134	36.4%	2,035	34.9%	2,073	35.5%

Source: CON application #10132, page 25. District 10 total line was removed since the applicant drew from two distinct data sources.

*Applicant used a separate data source for Atlantic Shores Hospital patient days and all other facilities patient days.⁷

The Shores maintains that District 10’s overall occupancy rate in its adult substance abuse beds have consistently increased in the past three years. The figures provided by The Shores show that ASH has the second highest utilization for the district, despite continuing physical plant challenges and lack of functional bed capacity.

As evidenced by the letters of support provided in the application⁸, the applicant contends that it clearly has support from the community to develop the proposed project.

⁷ The reviewer found that all four of these facilities had significantly higher discharge patient days when using the Florida Center for Health Information & Policy Analysis hospital discharge data as the applicant did for Atlantic Shores Hospital. For example, Memorial Regional Hospital reported 3,051 patient days to the local health council, the Florida Center shows 4,067 patient days for the same time period (calendar year 2010).

⁸ The applicant included 13 unduplicated letters of support in CON application #10132. The Agency received one letter of opposition regarding the proposed facility.

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 hospitals. 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

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. The Shores maintains that ASH 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 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 (INS). This main entrance also serves as the access door for Emergency Medical Services.

Atlantic Shores Hospital 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 or practice. Triage is another challenge, The Shores 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. The Shores states that comingling in the rotunda has to be managed for the higher functioning adult psychiatric patients and the lower functioning adult psychiatric patients to keep them separate, as well as to avoid the adolescent residential population.

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

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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 washer 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 by stating that the facility challenges at Atlantic Shores Hospital impact the physicians and clinicians ability to provide the highest quality of care

2. Agency Rule Criteria/Preferences

a. Chapter 59C-1.041, Florida Administrative Code, contain factors to be considered in the review of Certificate of Need Applications for hospital inpatient substance abuse services for adults.

- 1. 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 #10132 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. Applications from general hospitals for new or expanded hospital inpatient substance abuse beds for adults shall normally be approved only if the applicant converts a number of acute beds, as defined in rule 59C-1.38, Florida Administrative Code, excluding specialty beds, which is equal to the number of hospital inpatient substance abuse beds for adults proposed, unless the applicant can reasonably project an annual occupancy rate of 75 percent for the applicable planning horizon, based on historical utilization patterns, for all acute beds, excluding specialty beds. If the conversion of the number of acute care beds, which equals the number of proposed hospital inpatient substance abuse beds for adults would result in an annual acute care occupancy exceeding 75 percent for the applicable planning horizon, the applicant shall only be required to convert the number of beds necessary to achieve a projected annual 75 percent acute occupancy for the applicable planning horizon, excluding specialty beds.**

The Shores states it will be licensed under Chapter 395 as a Class III specialty hospital, just as the existing facility is licensed. As such, the applicant indicates that this criterion is not applicable as the project does not involve a general hospital or the conversion of acute care beds to specialty beds.

- 3. In order to ensure access to hospital inpatient abuse services for Medicaid-eligible and charity care adults, 40 percent of the gross bed need allocated to each district for hospital inpatient substance abuse service for adults should be allocated to general hospitals.**

The Shores states that nearly 40 percent of the substance abuse beds in the district are in general hospitals. Furthermore, The Shores contends that CON application #10132 will not alter the district's current inpatient substance abuse bed inventory as the applicant only seeks to replace the existing hospital and relocate ASH's licensed beds to a new facility.

As of July 22, 2011, District 10 had 75 licensed adult inpatient psychiatric beds and one CON approved adult substance abuse bed.

Forty-eight of the 75 beds (64 percent) are in Class III, freestanding hospitals, 27 beds (36 percent) are in general hospitals. This project does not meet this criterion.

- 4. Regardless of whether bed need is shown under the need formula, no additional hospital inpatient substance abuse beds for adults shall normally be approved in a district unless the average annual occupancy rate of the licensed hospital inpatient substance abuse 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.**

The Shores maintains that approval of CON application #10132 will not alter the district's current inpatient substance abuse bed inventory since it is seeking to replace the existing ASH licensed beds. The applicant contends 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 substance abuse beds experienced 56.07 percent occupancy for the January 1, 2010 through December 31, 2010 reporting period.

The applicant contends that ASH misreported substance abuse utilization to the Agency and that it actually had 3,434 substance abuse bed days instead of the 2,344 ASH reported to the local health council. Using 3,434 patient days, The Shores contends that ASH's substance abuse program had a 78.4 percent occupancy and a 9.4 ADC. Furthermore, the applicant annualized its 2011's utilization based on the first six months of the year stating that this data reflects a 10.5 ADC for 2011. Local health council data supplied by Atlantic Shores Hospital for the first six months of 2011 shows an ADC of 7.67.

The Florida Center for Health Information & Policy Analysis hospital discharge data for calendar year 2010 shows that ASH had 3,402 patient days relating to substance abuse (MSDRG 894-897).⁹ The Florida Center for Health Information & Policy Analysis hospital discharge data also shows that ASH had 10,046 psychiatric bed days not the 10,605 days it reported to the local health council in calendar year 2010.

The Shores maintains that the proposed facility will have the capability to utilize all 60 adult psychiatric beds and 12 substance abuse beds. By its second year of operation (2015), the applicant states that it will have an average annual occupancy rate of 73.6 percent in its 72 beds—70 percent in the 60 adult psychiatric beds and 91.7 percent in its 12 substance abuse beds.

- b. The specific preferences for hospital inpatient substance abuse services (Rule 59C-1.041 (4) (h), 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.**

⁹ The reviewer found that all four of the District 10 substance abuse providers had significantly higher discharge patient days when using data from the Florida Center for Health Information & Policy Analysis hospital discharge data as the applicant did for Atlantic Shores Hospital. For example, Memorial Regional Hospital reported 3,051 patient days to the local health council, the Florida Center shows 4,067 patient days for the same time period (calendar year 2010).

The applicant states that while freestanding psychiatric and substance abuse hospitals can contract with Medicaid managed care plans, it is precluded from participating in the Medicaid fee for service program.

The Shores indicates that ASH provided 7.6 percent of its total substance abuse patient days to Medicaid HMO enrollees and another 5.1 percent of its patient days to unfunded charity care/self-pay patients in calendar year 2010. This represents 12.7 percent of ASH's total patient days in 2010. The Shores states that the district average for 2010 was 13.5 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 7.5 percent to Medicaid HMO enrollees and 5.1 percent to charity/self-pay for a total of 12.6 percent of all patient days. District 10 provided 4.9 percent with Medicaid/Medicaid HMO patients and 10.7 percent to charity/self-pay for a total of 15.6 percent.

By year two of operation, the applicant forecasts to provide 421 substance abuse patient days combined with Medicaid HMOs and charity care—representing 10.5 percent of total patient days.

2. Propose to serve Medicaid-eligible persons.

The Shores states it will contract with Medicaid managed care plans and provide charity care in the new facility. The applicant states that in 2010 ASH provided 7.6 percent substance abuse total patient days to Medicaid HMO enrollees and another 5.1 percent of patient days to unfunded charity care/self-pay patients. The Shores contends that the 12.7 percent provided by the facility to Medicaid and charity care exceeds the district average of 6.7 percent.¹⁰ 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 7.5 percent to Medicaid HMO enrollees and 5.1 percent to charity/self-pay for a total of 12.6 percent of all patient days.

¹⁰ The applicant previously stated and provided a chart on pages 48 of CON application #10132 that the district average for 2010 was 13.5 percent not 6.7 percent as indicated in the narrative on page 49 of the application.

District 10 provided 4.9 percent to Medicaid/Medicaid HMO patients and 10.7 percent to charity/self-pay for a total of 15.6 percent.

The Shores projects 1,931 of its psychiatric patient days and 303 substance abuse patient days will be Medicaid HMO payers in year one and 2,146 psychiatric and 309 substance abuse patient days in year two respectively, will be provided to Medicaid HMO enrollees. The applicant states that these patient days represent eight percent of total patient days provided to Medicaid HMO persons. The applicant does not propose a Medicaid patient condition.

3. Propose to serve substance-abusing pregnant and post-partum women regardless of their ability to pay.

The applicant states that it will serve substance-abusing pregnant and post-partum women regardless of their ability to pay. The Shores states that patients are treated currently at ASH and will continue to be treated at the new facility, without regard for their ability to pay.

4. 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 new facility, without regard for their ability to pay. Furthermore, The Shores states that in fiscal year 2010, ASH provided \$196,622 (2.4 percent of net inpatient revenue) in charity care. The applicant does propose a charity care condition.

c. Unit Size (Rule 59C-1.041 (5), Florida Administrative Code): A separately organized unit for hospital inpatient substance abuse services for adults shall have a minimum of 10 beds.

The Shores is proposing a 12-bed adult substance abuse program and a 60-bed adult psychiatric facility via co-batched CON application #10131 as well as 30 residential beds for adolescents, all within a single freestanding Class III specialty hospital in Broward County. The applicant states that the individual programs and units meet this criterion. The Shores provided a graphic depiction of the separately organized units in Tab V of CON application #10132.

- d. **Access Standard. (Rule 59C-1.041 (6), Florida Administrative Code): Hospital inpatient substance abuse services should be available within a maximum ground travel time of 45 minutes under travel conditions for at least 90 percent of the district's total population.**

The Shores states that ASH receives 70 percent of its total admissions from Broward County and 30 percent from elsewhere (21 percent from the other counties in Florida and nine percent from outside the state). The proposed 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 Highways on the east. The applicant asserts that all of Broward County's population resides within 45 minutes of existing facilities.

- e. **Quality of Care (Rule 59C-1.041(7), Florida Administrative Code):**

1. **Compliance with Agency Standards. Hospital inpatient substance abuse services for adults shall comply with the agency standards for program licensure described in Chapter 59A-3, Florida Administrative Code. 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-1.041(7)(a), Florida Administrative Code).**

The applicant indicates intent to meet all of the applicable licensure standards. The Shores states it will meet Agency standards and comply with this rule criterion.

2. **Continuity. Providers of hospital inpatient substance abuse shall also provide outpatient services or referral services, either directly or through written agreements with community outpatient substance abuse programs, such as local psychiatrists, other physicians trained in the treatment of psychiatric or substance abuse disorders, local psychologists, community mental health programs, or local substance abuse outpatient programs. (Rule 59C-1.041(7)(d), Florida Administrative Code).**

The Shores asserts that ASH is a longstanding behavioral health hospital provider in Broward County and has a well-established referral network for outpatient services, partial hospitalization programming, 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 programming will be designed for former inpatients as well as the community at large and will include:

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

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

- 3. Screening Program. All facilities providing hospital inpatient substance abuse services shall have a screening program to assess the most appropriate treatment for the patient. Patients with a dual diagnosis of substance abuse and 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 substance abuse and psychiatric disorders. (Rule 59C-1.041(7)(e), Florida Administrative Code).**

The applicant states that ASH provides an appropriate medical screening to determine the appropriate level of care for presenting issues to any individual seeking evaluation on hospital grounds. ASH asserts that a medical screening is never delayed in order to verify insurance information. The applicant indicates that this will continue at the new facility.

The Shores states that ASH's 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 applicant indicates that Atlantic Shores Hospital's emergency medical screening policy and procedures will be implemented at the proposed facility.

f. Services Description (Rule 59C-1.041(8), Florida Administrative Code). An applicant for hospital inpatient substance abuse 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 and the proposed facility will have a 16-bed geriatric unit. The applicant indicates it will also have a 30-bed adolescent residential unit that is currently licensed through DCF. 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. There is no designated geriatric unit in the architectural drawings.

2. Specialty programs to be provided.

The Shores states that a major benefit to the proposed 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 that ASH currently offers and that The Shores plans to offer in the new facility include but are not limited to:

- Impaired professionals program
- Drug addiction treatment program
- Alcoholism treatment program
- Crisis stabilization
- Specialized geriatric services in a 16-bed geriatric unit
- Behavioral problems and conduct disorders
- Chemical dependency programs

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- 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

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.

The Shores states that ASH's treatment philosophy is that patients are viewed as holistic persons and ASH teaches each and every patient the skills to deal with defeats that prevent them from having a fulfilling life. This philosophy will continue at the new facility.

The applicant indicates that the focus of ASH's therapeutic approach now and for The Shores' proposed 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.

The Shores also includes a brief explanation of some of the therapies that will 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 qualifications of the clinical director and a description of staffing appropriate for any specialty program, and a discussion of the training and experience requirements for all staff who will provide substance abuse services.

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

CON #10132 Forecasted Full Time Equivalents Calendar Years 2014 and 2015				
Position	Year One, 2014		Year Two, 2015	
	Total FTEs	Substance Abuse FTEs	Total FTEs	Substance Abuse FTEs
Administration				
Administrator	2.3	0.3	2.3	0.3
Director of Nursing	1.0	0.1	1.0	0.1
Admissions Director	1.0	0.1	1.0	0.1
Secretary	1.0	0.1	1.0	0.1
Medical Records Clerk	2.0	0.3	2.0	0.3
Other	19.6	2.8	19.6	2.8
Nursing				
R.N.s	16.8	4.2	16.8	4.2
L.P.N.s	13.7	2.1	13.7	2.1
Nurse Aides	37.0	4.2	41.2	4.2
House Supervisor	4.2	0.6	4.2	0.6
Dietary				
Dietary Supervisor	1.0	0.1	1.0	0.1
Cooks	2.8	0.4	2.8	0.4
Dietary Aides	2.7	0.4	2.7	0.4
Social Services				
Social Service Director	1.0	0.1	1.0	0.1
Activities Assistant	2.5	0.4	2.5	0.4
Therapist	6.1	0.9	6.1	0.9
Housekeeping				
Housekeeping Supervision	1.0	0.1	1.0	0.1
Housekeepers	4.0	0.6	4.0	0.6
Plant Maintenance				
Maintenance Supervisor	1.0	0.1	1.0	0.1
Maintenance Assistance	2.3	0.3	2.3	0.3
Total FTEs	123.0	18.2	127.2	18.2

Source: CON application #10132, Page 57.

The Shores 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 provides job descriptions for each position in Tab 8 of the supporting documents volume of CON application #10132. The Shores maintains that all staff have job descriptions and/or similar criteria based evaluation forms to ensure each is properly qualified, trained and supervised.

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. Therapeutic approaches to be used.

The Shores states that ASH's treatment philosophy is that patients are viewed as holistic persons. The applicant states that ASH teaches each and every patient the skills to deal with defeats that prevent them from having a fulfilling life. This philosophy will continue at the new facility.

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 ASH's therapeutic approach and The Shores approach at the proposed 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.

The Shores also includes a brief explanation of some of the therapies that will 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 ASH does presently. The applicant provided the following as some of its predominant 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
- Word of mouth

6. Expected average length of stay for the hospital inpatient sub services discharges by age group.

Based on the historical utilization of ASH, The Shores states that the expected length of stay (ALOS) for all adult inpatient substance abuse services at the proposed facility is 6.6 days. This is below the 7.21 ALOS for adult patients in DRGs 894-897 during calendar year 2010 for patients discharged from inpatient substance abuse providers in Broward County. This exceeds the 5.27 ALOS for all

adult Broward County resident discharges from inpatient substance abuse facilities in DRGs 894-897 during calendar year 2010.

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

The applicant provides a table of forecasted patient days by payer type for each of the first two years of operation at the replacement hospital. The Shores states that approximately 20 percent of all current ASH 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 #10132, page 61.

8. 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. The Shores maintains that all financial assistance will be provided based on established protocols and completion of applicable forms.

The Shores states that ASH 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 CY 2010, ASH provided 5.1 percent of inpatient substance abuse patient days to charity care and self-pay.

The applicant asserts it will provide the same level of care to residents of the community as ASH did regardless of their ability to pay.

- f. Quarterly Reports (Rule 59C-1.041(10), Florida Administrative Code). Facilities providing licensed hospital inpatient substance abuse services shall report to the agency or its designee, within 45 days after the end of each calendar quarter, the number of hospital inpatient substance abuse services admission 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 (page 63 of CON application #10132).

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.

It should be noted that on page 25 of CON application #10132 the applicant states that in 2010, substance abuse days reported by ASH were misreported to AHCA for its need publication due to an error in the applicant's records. Below are the utilization numbers reported by the inpatient substance abuse providers for 2010 and 2011.

Substance Abuse Bed Utilization and Occupancy by First and Second Quarter in 2010 and 2011 for District 10								
Provider	January-March 2010		January-March 2011		April-June 2010		April-June 2011	
	Patient Days	Occupy Rate	Patient Days	Occupy Rate	Patient Days	Occupy Rate	Patient Days	Occupy Rate
Atlantic Shores Hospital	566	52.41%	738	68.33%	675	61.81%	650	59.52%
Fort Lauderdale Hospital	2,374	73.27%	2,680	82.72%	2,582	78.82%	2,979	90.93%
Memorial Regional Hospital	844	5.25%	704	71.11%	801	80.02%	203	20.28%
Plantation General Hospital	439	30.49%	649	45.07%	507	34.82%	601	41.28%
Total	4,223	62.56%	4,771	70.68%	4,565	66.89%	4,433	64.95%

Source: Hospital Bed utilization data as reported to local health councils by facility quarterly reports.

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 substance abuse beds in District 10 for the January 2017 planning horizon.

As of July 22, 2011, District 10 had 75 licensed adult inpatient psychiatric beds and one CON approved adult substance abuse bed. District 10 had 75 licensed beds and an occupancy rate of 56.07 percent during the 12-month period ending December 31, 2010. The applicant is applying to establish a 12-bed substance abuse program through CON application #10132. 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 adult psychiatric and 12 adult substance abuse beds currently at Atlantic Shores Hospital and therefore will not add any new beds to the market. However, Atlantic Shores Hospital, LLC the license holder, is the only legal entity that could file a replacement hospital application for Atlantic Shores Hospital.

The applicant states 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 Substance Abuse Beds	Adult Psychiatric Beds	Total
Atlantic Shores Hospital	12	60	72
Fort Lauderdale Hospital	36	48	84
Memorial Regional Hospital	12	40	52
Plantation General Hospital	16	0	16
Behavioral Health Facilities without Substance Abuse Beds			
Broward General Medical Center	0	83	83
North Shore Med Center – FMC	0	74	74
Hollywood Pavilion	0	50	50
Imperial Point Medical Center	0	47	47
University Hospital & Medical Center	0	52	52
District 10 Total	76	454	530

Source: CON application #10132, page 63.

The applicant provided historical adult substance abuse utilization and occupancy rates in 2008-2010 for its facility as it states 2010 substance abuse days were misreported to the Agency. The Shores contends that ASH has maintained its substance abuse occupancy in the approximate 70 to 80 percent range during the past three years. The applicant indicates that Atlantic Shores had 3,434 substance abuse days compared to the 2,344 it reported to the local health council (see the table below).

District 10 Adult Substance Abuse Hospital Providers as Provided by the Applicant						
Hospital	CY 2008		CY 2009		CY 2010	
	Patient Days	Occupancy	Patient Days	Occupancy	Patient Days	Occupancy
<i>Atlantic Shores Hospital</i>	3,187	72.6%	3,022	69.0%	3,434	78.40%
Atlantic Shores Hospital	3,187	72.56%	3,022	69.00%	2,344	53.52%
Fort Lauderdale Hospital	7,763	58.9%	9,331	71.01%	10,684	81.31%
Memorial Regional Hospital	3,262	81.0%	3,251	81.07%	3,051	75.99%
Plantation General Hospital	2,134	36.4%	2,035	34.85%	2,073	35.50%

Source: Atlantic Shores' CY 2010 data was provided by the applicant on page 64 of CON application #10132. All other data is from the *Florida Hospital Bed Need Projections and Service Utilization by District* for July 2009, 2010, and 2011.

Note: The applicant's revised CY 2010 data is based on AHCA Inpatient Data Tapes due to the ASH's stated misreporting of 2010 data to the Agency.

The Shores indicates that ASH saw a decline in its occupancy rate between 2008 and 2009 and misreported to AHCA for its need publication in 2010. The applicant maintains that since 2010, ASH has gained new leadership and works collaboratively with the other two Universal Health Service's facilities to provide complementary services for the community at large. The Shores contends that ASH has an average daily substance abuse census of 10.5 patients in its 12 beds resulting in

an 87 percent occupancy rate versus the 9.4 census and 78.4 percent occupancy rate it had in 2010. According to the data supplied to the local health council by Atlantic Shores Hospital, the hospital had a 7.7 ADC and 64 percent occupancy rate for the first six months of 2011.

The Shores maintains that District 10's overall occupancy rate in its adult substance abuse beds have consistently increased in the past three years. The figures provided by the applicant shows that ASH has the second highest utilization for the district, despite continuing physical plant challenges and lack of functional bed capacity.

The applicant indicates that the proposed facility will allow enough physical space to enhance accessibility and utilization to specialized inpatient programming. The Shores 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, The Shores maintains that the proposed facility will be large enough to house a partial hospitalization program and outpatient programs.

The Shores 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 new 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. The Shores states it will 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 #10132. 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.

The Shores 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.

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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, “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 Shores 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 at ASH 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 at ASH is dedicated to improving care and service and thereby the performance of all professionals. The Shores states that the following facility wide functions occur on an ongoing and continuous basis at ASH:

- 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 ASH uses a systematic approach to improving performance and to establish necessary processes and mechanisms.

The Shores states that ASH 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 68-70 of CON application #10132. Furthermore, The Shores asserts that once employees at ASH have completed training, an online transcript is 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 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). 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. 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).

	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

	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 #10132 Forecasted Full Time Equivalents Calendar Years 2014 and 2015				
Position	Year One, 2014		Year Two, 2015	
	Total FTEs	Substance Abuse FTEs	Total FTEs	Substance Abuse FTEs
Administration				
Administrator	2.3	0.3	2.3	0.3
Director of Nursing	1.0	0.1	1.0	0.1
Admissions Director	1.0	0.1	1.0	0.1
Secretary	1.0	0.1	1.0	0.1
Medical Records Clerk	2.0	0.3	2.0	0.3
Other	19.6	2.8	19.6	2.8
Nursing				
R.N.s	16.8	4.2	16.8	4.2
L.P.N.s	13.7	2.1	13.7	2.1
Nurses Aides	37.0	4.2	41.2	4.2
House Supervisor	4.2	0.6	4.2	0.6
Dietary				
Dietary Supervisor	1.0	0.1	1.0	0.1
Cooks	2.8	0.4	2.8	0.4
Dietary Aides	2.7	0.4	2.7	0.4
Social Services				
Social Service Director	1.0	0.1	1.0	0.1
Activities Assistant	2.5	0.4	2.5	0.4
Therapist	6.1	0.9	6.1	0.9
Housekeeping				
Housekeeping Supervision	1.0	0.1	1.0	0.1
Housekeepers	4.0	0.6	4.0	0.6
Plant Maintenance				
Maintenance Supervisor	1.0	0.1	1.0	0.1
Maintenance Assistance	2.3	0.3	2.3	0.3
Total FTEs	123.0	18.2	127.2	18.2

Source: CON application #10132, Page 57.

ASH 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-privates 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 substance abuse unit shall need to be modified to meet the requirements.

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The patient care area 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. The cost includes a 60-bed psychiatric unit, a 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 a new entity formed for purposes of filing CON applications #10131 and #10132 to replace Atlantic Shores Hospital. The Shores states that Atlantic Shores Hospital has 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.

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In fiscal year 2010, the applicant states that ASH provided \$196,622 in charity care representing 2.4 percent of its net inpatient revenue.¹¹ The Shores provided patient days by select payor groups for patients at the four facilities with licensed inpatient substance abuse beds.¹² See the table below.

District 10					
MDC 20 Adult Substance Abuse Patient Days					
Hospital	Charity/ Self-pay Days	Medicaid HMO Days	Medicaid HMO/ Charity/ Self-pay	Medicaid Fee for Service Days	Total Patient Days
Atlantic Shores Hospital	175	262	437	0	3,434
Memorial Regional Hospital	1,686	279	1,965	416	4,011
Plantation General Hospital	56	28	84	7	132
Fort Lauderdale Hospital	226	0	226	0	12,490
District 10 Total	2,143	569	2,712	423	20,067
<i>Percentage of Hospital's Total Patient Days</i>					
Atlantic Shores Hospital	5.1%	7.6%	12.7%	0.0%	100.0%
Memorial Regional Hospital	42.0%	7.0%	49.0%	10.4%	100.0%
Plantation General Hospital	42.4%	21.2%	63.6%	5.3%	100.0%
Fort Lauderdale Hospital	1.8%	0.0%	1.8%	0.0%	100.0%
District 10 Total	10.7%	2.8%	13.5%	2.1%	100.0%

Source: CON application #10132, page 77.

Note: UHS is the parent company of Atlantic Shores Hospital and Fort Lauderdale Hospital.

The Shores states that the 12.7 percent of total patient days in 2010 to Medicaid HMO enrollees and charity/self-pay patients at ASH is nearly the district average of 13.5 percent.¹³ 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 421 charity care/self-pay/Medicaid HMO substance abuse patient days which represents a weighted average of 10.5 percent of total substance abuse patient days.

¹¹ This was confirmed by Florida Hospital Uniform Reporting System (FHURS) 2010 Actual Reports.

¹² 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.

¹³ It should be noted that on page 49 of CON application, the applicant cited 6.7 percent as the district average. According to the Florida Center for Health Information & Policy Analysis hospital discharge data, the CY 2010 district average was 15.6 percent for Medicaid/Medicaid HMO and charity care/self-pay patients.

F. SUMMARY

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

The applicant proposes the following conditions for CON application #10132.

- Approval of this CON application to establish a Class III specialty hospital with 12-bed adult substance abuse program is contingent upon approval of the co-batched CON application #10131 to establish a Class III specialty hospital with 60 adult psychiatric beds.
- Concurrent to licensure and certification of 12 adult substance abuse beds, 60 adult inpatient psychiatric 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 Marchman Act Receiving Facility upon licensure and certification.
- 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 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 substance abuse beds in District 10 for the January 2017 planning horizon. As of July 22, 2011, District 10 had 75 licensed adult inpatient psychiatric beds and one CON approved adult substance abuse bed.

District 10 had 75 licensed beds and an occupancy rate of 56.07 percent during the CY 2010 reporting period.

The applicant is applying to establish a 12-bed substance abuse program through CON application #10132. The applicant is not responding to a fixed need pool. The applicant states that the project is to build a replacement facility for the 12 beds currently at Atlantic Shores Hospital and therefore will not add any new beds to the market.

The Shores states that there is a quantitative need and qualitative need to replace the current facility. The applicant contends that Atlantic Shores Hospital is only able to operate 45 and 50 beds at any given point but there is sufficient need to fill all licensed beds at a reasonable occupancy level.

The Shores 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.

The Shores contends that the proposed facility will have a positive impact on existing providers 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 #10132. The Shores states that the new entity will adopt all policies and procedures as well as the quality assurance program and performance improvement plan of ASH.

The Shores 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. The Shores states that ASH has 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 421 charity care/self-pay/Medicaid HMO substance abuse patient days which represents a weighted average of 10.5 percent of total substance abuse patient days.

Atlantic Shores Hospital does not have a Medicaid or charity care condition. 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 60 adult psychiatric beds, a 12-bed substance abuse unit and a 30-bed residential treatment center.

G. RECOMMENDATION

Deny CON #10132.

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