

**STATE AGENCY ACTION REPORT
CON APPLICATION FOR CERTIFICATE OF NEED**

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

**Munroe HMA Hospital, LLC d/b/a
Munroe Regional Medical Center/CON #10449**
1500 SW 1st Avenue
Ocala, Florida 34471

Authorized Representative: Robert J. Moore
Chief Executive Officer
(352) 351-7000

2. Service District/Subdistrict

District 3/Subdistrict 3-4 (Marion County)

B. PUBLIC HEARING

A public hearing was not held or requested regarding the proposed 66-bed general acute care hospital.

Letters of Support

Munroe Regional Medical Center submitted over 150 letters of support in Tab 3 of CON application #10449. Many of the support letters were individually composed and the majority of the letters were form letter variety. In addition to support letters, the applicant provided a survey with over 1,600 respondents in favor of the proposed project. Letters of support included those signed by community and business leaders, numerous physicians, local health care facilities, elected local and state officials, area residents, academic institutions and prior patients. Some major themes expressed in support of the proposed project include:

- The proposed hospital would cut down the travel distance to receive inpatient hospital service and would improve timely access to care
- The proposed hospital will provide an opportunity for collaborative care, education and medical services that will improve the quality of life for residents
- The community's population is increasing, requiring additional and enhanced medical services to meet growing demand

CON Action Number: 10449

- The new hospital will have a modern design that will include the latest medical technology and patient safety features
- Emergency services and transportation infrastructure would be greatly improved
- Local health outcomes will be enhanced by improving residents' access to advanced quality care
- The proposed hospital will improve emergency and hospital services
- A large percent of Marion County residents' population is 65 and over, this population has complex health care needs that will be accommodated by the proposed hospital
- A new hospital on State Road 200 will provide a close-to-home alternative that will reduce drive times and emergency medical services (EMS) transport
- The proposed hospital will provide increased opportunities for health care professionals such as registered nurses
- A new hospital would help ease capacity constraints caused by the increased number of patients seen at Munroe Regional Medical Center's main campus, which has resulted in long wait times for patients

Advocates for the proposed project include:

- Charlie Stone, Florida House of Representatives, District 22
- D. Alan Hays, DMD, Florida State Senator, District 11
- Kent Guinn, Mayor, City of Ocala
- David R. Ellspermann, Clerk of the Circuit Court, Marion County
- Cherlyn Deleonabreu BSN, MBA, NHA, Executive Director, Life Care Center of Ocala
- Jennifer Mikula, NHA, Executive Director, Palm Garden Health and Rehabilitation Center
- George D. Tomy, Superintendent, Marion County Public Schools
- David Cope, Chairman, Marion County Hospital District
- John Zobler, Ocala City Manager
- Mary S. Rich, Councilwoman, City of Ocala

C. PROJECT SUMMARY

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON #10449) also referenced as MRMC or the applicant, proposes to establish a new Class I, 66-bed general acute care hospital (TimberRidge Hospital) to be located in Marion County, Florida, District 3/Subdistrict 3-4. The applicant indicates that the proposed project will focus on adult non-specialty/non-tertiary¹ care, with obstetric and pediatric services not anticipated. The applicant states the proposed facility will be located at 9521 SW State Road 200, Ocala, Florida 34481.

MRMC states the proposed project is in Phase III of a three-phase initiative: Phase I (establish TimberRidge Emergency Department-ED), Phase II (outpatient and medical services), Phase III (the proposed project). MRMC presents the following factors that warrant approval of the proposed project:

- There is an existing high volume freestanding emergency room on the site, meeting the emergent and some non-emergent needs of the service area population which will be incorporated into TimberRidge Hospital upon licensure
- The level of patient activity at TimberRidge ED, number of transfers for inpatient treatment, observation from TimberRidge ED, resulting cost on the health care system and family hardship demonstrate the service area need for inpatient hospital beds on the TimberRidge Campus
- High occupancy at existing hospitals along with diversion and bed delay statistics indicate there are not available and accessible inpatient hospital beds for the population in need within the service area
- Travel times to hospitals outside the area are greater than reasonable travel times of 20 to 30 minutes, resulting in geographic inaccessibility to inpatient services from the service area
- Bed delays, diversion status and excessive wait times at Marion County hospitals and the impact these have on Marion County EMS, thereby increasing costs to the health care system demonstrate unfavorable market conditions and lack of availability of beds for the service area population
- Population trends and dynamics with the tremendous growth in service area population, particularly amongst the senior population indicate a continued pressure on existing facilities with high occupancies
- TimberRidge Hospital will allow for competition that fosters quality of care and cost effectiveness through rapid treatment of the thousands of patients being transferred from TimberRidge ED each year

¹ The applicant's non-tertiary definition excludes obstetrics, newborns, psychiatry, substance abuse, burns, trauma, transplants, neurosurgery and comprehensive medical rehabilitation.

CON Action Number: 10449

- Providing an accessible inpatient hospital thereby enhancing access
- Community support from residents, former patients and health care professionals
- Experienced leadership (Munroe Regional)
- Over 1,600 survey respondents in favor of the proposed hospital

MRMC states the proposed hospital (TimberRidge Hospital) will be approximately 200,000 square feet, constructed as an addition to the existing ED at TimberRidge. The applicant plans to expand the existing ED to a total of 26 emergency room beds, thereby providing for 14 additional ED beds to the 12 existing beds. MRMC indicates that it developed the proposed project with future expansion in mind, floors five and six will be develop as shell space with the ability to add up to 34 additional beds.

MRMC offers nine ZIP Codes to account for the total proposed service area, with the following five ZIP Codes as the primary service area (PSA) and the remaining four ZIP Codes as the secondary service area (SSA), in which the applicant will obtain 93 percent of its patients. The reviewer confirms that all of the PSA and SSA are in Marion County with the exception of SSA ZIP Code 34442, which is located in Citrus County.

PSA ZIP Codes:

- 34481 (Ocala)
- 34476 (Ocala*)²
- 34473 (Ocala)
- 34432 (Dunnellon**) ³
- 34474 (Ocala)

SSA ZIP Codes:

- 34442 (Hernando)
- 34431 (Dunnellon)
- 34482 (Ocala)
- 34434 (Dunnellon)

MRMC proposes the following condition(s) to CON approval on the application's Schedule C:

- The proposed new TimberRidge Hospital will be located at 9521 SW State Road 200, Ocala, Florida 34481
- TimberRidge Hospital will provide a minimum of 13 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis

² P.O. Box 34477 is included in Postal ZIP Code area 34476

³ P.O. Box 34430 is included in Postal ZIP Code area 34432

- Extend nursing training and education programs that are conducted in conjunction with Rasmussen College and College of Central Florida at Munroe Regional Medical Center to TimberRidge Hospital
- Annually sponsor the On Top of the World Health Fair
- Annually participate in the Oak Run Health Fair
- The Collins Health Resource, located in the TimberRidge Medical Park, will be used for educational programming regularly to include but not be limited to physician lecture series and wellness classes
- The Collins Health Resource Center, located in the TimberRidge Medical Park, will be available for use by Prestige 55, the senior membership program, to regularly host meetings, activity programs and other events

Should the proposed project be approved, the applicant's condition 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 Sections 408.035 and 408.037, 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 (subdistrict), 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; however, two exceptions exist regarding receipt of information concerning general hospital applications. Pursuant to Section 408.039(3)(c), Florida Statutes, an existing hospital may submit a written statement of opposition within 21 days after the general hospital application is deemed complete and is available to the public. Pursuant to Section 408.039(3)(d), Florida Statutes, in those cases where a written statement of opposition has been timely filed regarding a certificate of need application for a general hospital, the applicant for the general hospital may submit a written response to the Agency within 10 days of the written statement due date.

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, Dwight Aldridge, analyzed the application in its entirety.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

The reviewer presents the following analysis and review of CON application #10449 regarding the identified statutory criteria of Section 408.035, Florida Statutes.

1. Statutory Review Criteria

For a general hospital, the Agency shall consider only the criteria as specified in ss. 408.035 (1)(a), (1)(b), except for quality of care, and (1)(e), (g), and (i), Florida Statutes. ss.408.035(2), Florida Statutes.

a. Is need for the project evidenced by the availability, 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.

The existence of unmet need is not determined solely on the absence of a health service, health care facility, or beds in the district, subdistrict, region or proposed service area. Current and likely future levels of utilization are better indicators of need than bed-to-population ratios or similar measures, and, as such, the following table illustrates bed utilization levels in District 3, Subdistrict 3-4 for the 12-month period ending December 31, 2015.

Acute Care Hospital Utilization District 3/Subdistrict 3-4 12-Month Period Ending December 31, 2015				
Hospital	Beds	Bed Days	Patient Days	Utilization
Munroe Regional Medical Center	421	153,665	94,575	61.55%
Ocala Regional Medical Center	222	74,392	62,406	83.89%
West Marion Community Hospital	94	25,550	26,935	105.42%
Subdistrict 3-4 Total	737	251,598	183,916	73.10%
DISTRICT 3 TOTAL	4,187	1,480,438	1,000,744	67.60%
Statewide	50,888	18,432,010	10,613,962	57.58%

CON Action Number: 10449

Source: Florida Hospital Bed and Service Utilization by District, published July 15, 2016

As of December 31, 2015, District 3, Subdistrict 3-4 had a total of 737 licensed acute care beds with an occupancy rate of 73.10 percent during the 12-month period ending December 31, 2015. As shown above, the subdistrict's occupancy rate (73.10 percent) was greater than that of District 3 (67.60 percent) and more than the statewide occupancy rate (57.58 percent). Including MRMC, there are three general hospitals located in District 3, Subdistrict 3-4. Ocala Regional Medical Center and West Marion Community Hospital each had utilization rates higher than District 3 overall and all three general hospitals had occupancy rates higher than the state overall for calendar year (CY) 2015.

In addition, the subdistrict has:

- 44 acute care beds approved for licensure at West Marion Community Hospital (NF #160005)

Acute care utilization in Subdistrict 3-4 over the past three years is shown in the chart below.

District 3/Subdistrict 3-4 Acute Care Hospital Utilization Three Years Ending December 31, 2015			
	Jan 2013 Dec 2013	Jan 2014 Dec 2014	Jan 2015 Dec 2015
Number of Acute Care Beds	691	691	737
Percentage Occupancy	67.83%	69.17%	73.10%

Source: Florida Bed Need Projections and Services Utilization, published July 2014-July 2016

As shown above, Subdistrict 3-4 had a 3.93 percent increase in acute care bed utilization from 69.17 percent (12 months ending December 31, 2014) to 73.10 percent (12 months ending December 31, 2015). Subdistrict 3-4 had 171,071 acute care patient days for the 12 months ending December 31, 2013 which increased to 183,916 (or by approximately 7.5 percent) by the 12 months ending December 31, 2015. This occupancy rate increase is with a constant acute care bed count of 737 beds for the three-year period.

Below is a chart showing District 3 population estimates for January 2015 and July 2022.

District 3 Total Population and Population Age 65 and Over Estimates and Percent Change by County from January 2015 to July 2022						
County/Area	Total January 2015	Total January 2022	Percent Change	Age 65+ July 2015	Age 65+ July 2022	Age 65+ Percent Change
Alachua	253,202	270,169	6.28%	32,919	44,018	25.21%
Bradford	27,528	28,596	3.73%	4,679	5,655	17.26%
Citrus	144,345	156,169	7.57%	47,775	55,475	13.88%
Columbia	69,145	74,190	6.80%	11,872	14,993	20.82%
Dixie	16,675	17,879	6.73%	3,562	4,440	19.77%
Gilchrist	17,246	18,533	6.94%	3,329	4,315	22.85%
Hamilton	14,784	15,319	3.49%	2,361	3,063	22.92%
Hernando	181,190	203,944	11.16%	47,860	57,060	16.12%
Lafayette	8,797	9,336	5.77%	1,203	1,433	16.05%
Lake	318,884	368,922	13.56%	77,651	97,436	20.31%
Levy	41,432	45,207	8.35%	8,766	10,831	19.07%
Marion	348,762	391,371	10.89%	93,945	115,963	18.99%
Putnam	72,840	73,466	0.85%	14,868	16,830	11.66%
Sumter	114,944	146,513	21.55%	55,806	76,517	27.07%
Suwannee	44,973	48,423	7.12%	8,832	10,665	17.19%
Union	16,141	16,726	3.50%	1,846	2,281	19.07%
District Total	1,690,888	1,884,763	10.29%	417,274	520,935	19.90%
State Total	19,816,176	21,618,641	8.34%	3,691,561	4,515,707	18.25%

Source: Agency for Health Care Administration Population Projections, published February 2015

As shown above, Marion County, the proposes project location, total population is projected to increase from 348,762 to 391,371 or by 12.22 percent and its age 65+ population from 93,945 to 115,963 or by 23.44 percent from January 2015 to July 2022. The applicant plans to locate the facility in Marion County, ZIP Code 34481.

MRMC states that the proposed TimberRidge Hospital will be located at 9521 SW State Road 200, Ocala, Florida 34481, the same physical address as the existing TimberRidge ED. The proposed hospital site is stated to be within the 100-acre TimberRidge property. MRMC contends the proposed hospital will meet the non-tertiary needs of the adult population in the service area and will not be establishing a pediatric program. According to the applicant, the proposed project will be established and operated by MRMC, a 421-bed tertiary care facility located in Ocala, Marion County, Florida. MRMC states it offers inpatient, outpatient, medical, surgical, emergency care and is the only hospital in Marion County to provide obstetric and neonatal services. MRMC's license includes both its main campus and the TimberRidge ED campus in ZIP Code 34481.

The applicant states that MRMC, with 21,500 to 23,400 inpatient cases annually, is the highest volume provider of inpatient care of the three Marion County hospitals followed by Ocala Regional Medical Center with 11,500 to 12,600 inpatient cases annually. The applicant presents discharge data (excluding normal newborns) from 2013 through 2015, for the three general hospitals located in Marion County. Utilizing the Agency’s discharge database, the applicant emphasizes that in CY 2015, Marion County hospital collectively discharged nearly 41,000 patients See the table below.

Marion County Acute Care Hospitals Total Discharges, Excluding Normal Newborns Calendar Years 2013 Through 2015			
Hospital	CY 2013	CY 2014	CY 2015
Munroe Regional Medical Center	22,752	23,366	21,561
Ocala Regional Medical Center	11,497	11,599	12,572
West Marion Community Hospital	5,298	5,290	6,616
Total	39,547	40,255	40,749

Source: CON application #10449, page 37

The applicant indicates that the proposed service area is home to 146,128 persons in which 19,145 are children ages zero through 14 as well as an additional 4,244 children aged 15 through 17. The applicant states the remaining population consist of 122,739 adults aged 18+, which includes 50,526 adults aged 65+ (41.2 percent of the adult population). MRMC states the PSA currently has 76,130 adult residents of which 33,707 are seniors (age 65+). The SSA has a population of 46,609 with 16,819 being seniors. The applicant notes that the PSA (44.3 percent) has a greater concentration of seniors as a percent of all adult residents compare to the SSA (36.1 percent) ZIP Codes. MRMC asserts that 69 percent of the adults who reside in the proposed project’s home ZIP Code area are 65+ with 48.4 percent of those seniors living to the east in adjacent ZIP Code 34476.

The applicant indicates the high concentration of seniors can be attributed to age restricted communities dispersed throughout the PSA. MRMC discusses nine age restricted communities on page 32 of CON application #10449. The applicant states that there are 19,213 existing age restricted homes—with the planned addition of 20,000 homes, situated along the State Road corridor. The applicant notes that five of the nine age restricted communities are located within the proposed home ZIP Code area, representing 87.4 percent of the current homes.

MRMC provides the table below, which illustrates the service area’s 2016 population by ZIP Code and age cohort, along with the subdistrict.

TimberRidge Hospital Service Area Population Ages 18 and Older 2016 Estimated Population								
Zip Code Area	Ages 18-44	Ages 45-64	Ages 65-74	Ages 75-84	Ages 85+	Total 18+	Total 65+	Percent of Total 65+
34481 Ocala	1,966	3,814	5,997	4,695	1,975	18,447	12,667	68.7%
34476 Ocala*	4,849	5,236	5,184	3,338	942	19,549	9,464	48.4%
34473 Ocala	5,353	4,266	2,397	1,245	363	13,624	4,005	29.4%
34432 Dunnellon**	3,017	3,643	2,562	1,272	380	10,692	4,214	39.4%
34474 Ocala	6,550	3,911	1,739	1,099	519	13,818	3,357	24.3%
PSA Total	21,735	20,688	17,879	11,649	4,179	76,130	33,707	44.3%
34442 Hernando	2,463	4,135	3,973	1,968	595	13,134	6,536	49.8%
34431 Dunnellon	1,887	2,204	1,456	817	309	6,673	2,582	38.7%
34482 Ocala	8,226	6,183	3,252	1,584	462	19,707	5,298	26.9%
34434 Dunnellon	2,458	2,234	1,395	757	251	7,095	2,403	33.9%
SSA Total	15,034	14,756	10,076	5,126	1,617	46,609	16,819	36.1%
Total Service Area	36,769	35,444	27,955	16,775	5,796	122,739	50,526	41.2%
Subdistrict 3-4	94,466	87,867	56,283	31,054	11,013	280,683	98,350	35.0%

Source: CON application #10449, page 28- The Nielsen Company and NHA Analysis

* P.O. Box 34477 is included in ZIP Code area 34476

**P.O. Box 34430 is included in ZIP Code area 34432

The applicant states by 2021 (year two of Operation), the service area population for the proposed TimberRidge Hospital, will increase to 130,261 adult residents, a growth rate of 6.1 percent. MRMC presents the following forecasted service area population by ZIP Code area and age cohort. See the table below.

TimberRidge Hospital Service Area Population Ages 18 and Older 2021 Forecasted Population								
Zip Code Area	Ages 18-44	Ages 45-64	Ages 65-74	Ages 75-84	Ages 85+	Total 18+	Total 65+	Percent of Total 65+
34481 Ocala	2,133	3,130	7,323	5,217	2,318	20,121	14,858	73.8%
34476 Ocala*	5,320	5,141	6,033	3,580	1,085	21,159	10,698	50.6%
34473 Ocala	5,967	4,358	2,599	1,276	411	14,611	4,286	29.3%
34432 Dunnellon**	3,183	3,158	2,967	1,335	417	11,060	4,719	42.7%
34474 Ocala	6,737	4,294	1,950	1,176	556	14,713	3,682	25.0%
PSA Total	23,340	20,081	20,872	12,584	4,787	81,664	38,243	46.8%
34442 Hernando	2,600	3,682	4,584	2,082	655	13,613	7,321	53.8%
34431 Dunnellon	1,984	1,953	1,682	810	332	6,761	2,824	41.8%
34482 Ocala	8,723	5,926	3,847	1,677	534	20,707	6,058	29.3%
34434 Dunnellon	2,600	2,245	1,580	810	281	7,516	2,671	35.5%
SSA Total	15,917	13,806	11,693	5,379	1,802	48,597	18,874	38.8%
Total Service Area	39,257	33,887	32,565	17,963	6,589	130,261	57,117	43.8%

Source: CON application #10449, page 29-The Nielsen Company and NHA Analysis

* P.O. Box 34477 is included in ZIP Code area 34476

**P.O. Box 34430 is included in ZIP Code area 34432

MRMC indicates that from 2016 through 2021, the proposed service area’s population will experience disproportionate growth amongst seniors in contrast to younger adults. The applicant indicates by 2021 (year two of operation):

- 43.8 percent of the entire service area’s adult residents will be 65+ compared to 41.2 percent in 2016
- Nearly 47 percent of residents in the PSA will be 65+ in contrast to 44 percent in 2016
- The proposed home ZIP Code area adult population will increase from 69 percent in 2016 to 74 percent by 2021
- ZIP Codes 34476 and 34442 senior populations will exceed the service area average of 44 percent
- Eight of nine service area ZIP Codes will have senior population ratios that exceed the State of Florida average of 27.1 percent according to The Nielsen Company and NHA analysis

MRMC states that the overall service area is expected to grow 7.4 percent between 2016 and 2022 (year three of operation) by more than 9,000 residents. The applicant anticipates nearly 74 percent of all new growth to the service area will be absorbed by PSA ZIP Codes. The applicant states that 2020 through 2022, the PSA and SSA will experience 8.4 and 5.5 percent growth respectively. MRMC asserts that the ZIP Code 34481, in which the proposed project will be located, will experience the greatest growth by incurring 1,333 new senior residents by 2022. The SSA is

CON Action Number: 10449

expected to see a population increase of 2,500 new senior residents during this same period. The applicant presents the forecasted adult population dynamics by service area ZIP Codes for 2016 and 2020 through 2022 age 18+, as well as age 65+. See the tables below.

TimberRidge Hospital Service Area Population Change Ages 18+ 2016 Estimate and Forecasted 2020 Through 2022						
Zip Code Area	CY 2016	CY 2020 Year 1	CY 2021 Year 2	CY 2022 Year 3	Numeric Change 2016-2022	Percent Change 2016-2022
34481 Ocala	18,447	19,786	20,121	20,456	2,099	10.9%
34476 Ocala*	19,549	20,837	21,159	21,481	1,932	9.9%
34473 Ocala	13,624	14,414	14,611	14,808	1,184	8.7%
34432 Dunnellon**	10,692	10,986	11,060	11,134	442	4.1%
34474 Ocala	13,624	14,534	14,713	14,892	1,074	7.8%
PSA Total	76,130	80,557	81,664	82,771	6,641	8.7%
34442 Hernando	13,134	13,517	13,613	13,709	575	4.4%
34431 Dunnellon	6,673	6,743	6,761	6,779	106	1.6%
34482 Ocala	19,707	20,507	20,707	20,907	1,200	6.1%
34434 Dunnellon	7,095	7,432	7,516	7,600	505	7.1%
SSA Total	46,609	48,199	48,597	48,995	2,386	5.1%
Total Service Area	122,739	128,575	130,261	131,765	9,026	7.4%

Source: CON application #10449, page 30

* P.O. Box 34477 is included in ZIP Code area 34476

**P.O. Box 34430 is included in ZIP Code area 34432

TimberRidge Hospital Service Area Population Change Ages 65 and Older 2016 Estimate and Forecasted 2020 Through 2022						
Zip Code Area	CY 2016	CY 2020 Year 1	CY 2021 Year 2	CY 2022 Year 3	Numeric Change 2016-2022	Percent Change 2016-2022
34481 Ocala	12,667	14,420	14,858	15,296	2,629	20.8%
34476 Ocala*	9,464	10,451	10,698	10,945	1,481	15.6%
34473 Ocala	4,005	4,230	4,286	4,342	337	8.4%
34432 Dunnellon**	4,214	4,618	4,719	4,820	606	14.4%
34474 Ocala	3,357	37,336	38,243	39,150	5,443	11.1%
PSA Total	33,707	37,336	38,243	39,150	5,443	16.1%
34442 Hernando	6,536	7,164	7,321	7,478	942	14.4%
34431 Dunnellon	2,582	2,776	2,824	2,872	290	11.2%
34482 Ocala	5,298	5,906	6,058	6,210	912	17.2%
34434 Dunnellon	2,403	2,617	2,671	2,725	322	13.4%
SSA Total	16,819	18,463	18,874	19,285	2,466	14.7%
Total Service Area	50,526	55,799	57,117	58,435	7,909	15.7%

Source: CON application #10449, page 31

TimberRidge Hospital Service Area Population Change Ages 18 to 64 and Ages 65 and Older 2016 Estimate and Forecasted 2020 Through 2022						
Zip Code Area	Age 18 to 64			Ages 65 and Older		
	CY 2016	Numerical Change 2016 to 2022	Percent Change 2016 to 2022	CY 2016	Change 2016 to 2022	Percent Change 2016 to 2022
34481 Ocala	5,780	-620	-10.7%	12,667	2,629	20.8%
34476 Ocala*	10,085	451	4.5%	9,464	1,481	15.6%
34473 Ocala	9,619	847	8.8%	4,005	337	8.4%
34432 Dunnellon**	6,478	-164	-2.5	4,214	606	14.4%
34474 Ocala	10,461	684	6.5%	3,357	390	11.6%
PSA Total	42,423	1,198	2.85	33,707	5,443	16.1%
34442 Hernando	6,598	-367	-5.6%	6,536	942	14.4%
34431 Dunnellon	4,091	-184	-4.5%	2,582	290	11.2%
34482 Ocala	14,409	288	2.0%	5,298	912	17.2%
34434 Dunnellon	4,692	183	3.9%	2,403	322	13.4%
SSA Total	29,790	-80	-0.3%	16,819	2,466	14.7%
Total Service Area	72,213	1,117	1.6%	50,526	7,909	15.7%

Source: CON application #10449, page

* P.O. Box 34477 is included in ZIP Code area 34476

**P.O. Box 34430 is included in ZIP Code area 34432

MRMC asserts the proposed hospital will cure geographic inaccessibility by providing service area residents with an accessible inpatient hospital. The applicant indicates that the proposed hospital would decrease diversion times by helping to alleviate high occupancy rates experienced by the service area's existing providers. MRMC explains that diversion is due to lack of available beds in the ED, lack of available beds for admission or some other defining characteristic. The applicant states that if a hospital cannot treat any additional patients at the time, they are required to notify EMS to divert patients to the next closest and most appropriate hospital. MRMC indicates that Marion County Fire Rescue's EMS has captured diversion data from each hospital since mid-year 2015. MRMC states that Marion County EMS provided daily diversion logs for the 12 months ending June 30, 2016.

The applicant presents detailed diversion data as provided by Marion County EMS, on pages 55-60 of CON application #10449. MRMC states that during the 12 months ending June 30, 2016, Marion County's three acute care hospitals went on diversion 355 times on 230 "unique days" out of a possible 365 days in the year. The applicant reports that total time spent on diversion by the three hospitals was 1,285 hours. MRMC notes that the hours and days that hospitals are on diversion status

CON Action Number: 10449

places more burden on the next closest and appropriate hospital that can accept the patient. MRMC provides the following table which displays the combined number of diversion times and diversion days for the three Marion County hospitals.

Number of Time and Unique Days on Diversion Status by Hospital July 1, 2015 Through June 30, 2016				
Hospital	Number of Times on Diversion	Unique Days On Diversion	Days in Year	Percent of Unique Days in Year Spent on Diversion
West Marion Community Hospital	150	84	365	23.0%
Ocala Regional Medical Center	106	77	365	21.1%
Munroe Regional Medical Center	99	69	365	18.9%
Total	355	230	365	--

Source: CON application #10449, page 56

The applicant discusses wall times, bed delays as well as service area EMS medical calls and offers statistical data (obtained from Marion County Fire Rescue) to support the approval of the proposed hospital. MRMC describes “wall time” as a situation where the patient is brought into the ED by ambulance but because there are no ED beds available, the patient remains on a gurney with continued attendance by an EMT or paramedic, frequently having to wait along the wall of the ED. MRMC asserts that even before the ED goes on official diversion, it is common practice at West Marion and other area hospitals to experience excessive “wall times” when there are no ED beds available upon ambulance arrival. Based on Marion County Fire Rescue call database for fiscal years 2014, 2015 and 2016 (first nine months), the applicant states that EMS experienced a high medical call volume and transported 74 percent of medical calls. MRMC provides a detailed analysis regarding EMS medical calls on pages 68-73 of CON application #10449.

MRMC states that Marion County EMS software captured bed delay data for two nine-month periods, January 1, 2015 through September 24, 2015 and October 1, 2015 through June 2016. During the first referenced nine-month period, the applicant states that there were 5,666 bed delay incidents in Marion County and 9,374 between October 2015 and June 2016. Data captured by Marion County Fire Rescue in regards to bed delays is presented on pages 62-65 of CON application #10449. The applicant provides the table below which exhibits EMS bed delays by facility in Marion County from October 2015 through June 2016.

Marion County EMS Bed Delays by Destination Facility October 2015 Through June 2016					
Hospital	Total Bed Delays	Percent of Total Bed Delays	Bed Delays 100+ Min	Percent of Bed Delays 100+ Minutes	Percent of Bed Delays, 100+ Minutes
Ocala Regional Med Center	3,537	37.7	806	54.2%	22.8%
Munroe Regional Med Center	2,711	28.9%	301	20.3	11.1%
TimberRidge ED	32	0.3%	1	0.1%	3.1%
All Others	1,379	14.7%	118	7.9%	8.6%
Total	9,374	100.0%	1,486	100%	15.9%

Source: CON application #10449, page 65

MRMC explains that bed delays or transfer of care delays are the direct consequence of capacity issues in the ED and on the patient floors. The applicant declares that bed delays affect the EMS's ability to respond to other calls while awaiting the ability to transfer the patient. For the nine-month period ending June 2016, the applicant supplied the following summary of bed delay data:

- Approximately 16 percent of all patients who experienced delays reported wait times in excess of 100 minutes
- Delays of 100 minutes or more increased from the prior nine-month period from nine percent to 16 percent
- Nearly 20 percent of all patients confronted with a bed delay experienced wait times between 71 to 100 minutes
- Ocala Regional Medical Center had the most bed delays (3,537), followed by MRMC (2,711) and West Marion (1,715), all others accounted for 1,379 of total delays. The reviewer notes that West Marion is not included in the table above.
- MRMC accounted for 29 percent of all bed delays but only 20.3 percent of the longest (100 minutes or more) delays
- The proposed hospital will decompress overall medical call volume, eliminate interfacility transports and reduce out of area medical call transports

To further demonstrate the necessity of the proposed hospital, the applicant presents utilization, transfer and admissions data for TimberRidge ED on pages 40 through 48 of CON application #10449. MRMC maintains that the proposed hospital will enhance access to significant portions of the population including lower income and service area residents, by eliminating transfers for inpatient treatment and observation from TimberRidge ED. The applicant's summary of the utilization, transfer and admission analysis is presented below:

- Between 2013 and 2015, ED visits grew 6.6 percent, annualized for 2013 and 2016, ED visits increased to 11.5 percent

CON Action Number: 10449

- During the last three CYs, there have been between 1,995 and 2,081 ED visits who were transferred from TimberRidge ED to MRMC
- 1,315 patients were transferred from TimberRidge ED to MRMC during the first seven months of 2016, during this same period 116 patients were transferred to another non-MRMC hospital
- Between 2013 and 2015, 146 to 204 ED patients were transferred and admitted to another hospital
- Total adult admission (excluding obstetrics, pediatrics, psych, substance abuse and rehab) exceeds that of approximately 43 licensed acute care hospitals statewide
- Marion County Fire Rescue transferred an estimated 10,500 patients from TimberRidge ED between 2013 and 2016. The proposed hospital would have a positive impact on cost, out of service vehicle times, travel time, treatment days, and family hardship

MRMC provides the following table to illustrate Timber Ridge ED utilization, ED visits, admission and transfer trends from 2013 through 2016. See the table below.

Emergency Center at TimberRidge Utilization Trend ED Visits Admissions and Transfers Calendar Years 2013 Through 2015 and 2016 Annualized				
	CY 2013	CY 2014	CY 2015	CY 2016 Annualized
ED Visits	28,889	29,300	30,788	32,224
Admits to MRMC ⁽²⁾	2,066	1,995	2,081	2,219
Transfers	146	168	204	201
Percent Admitted	7.2%	6.8%	6.8%	6.9%
Percent Transferred	0.5%	0.6%	0.6%	0.6%

Source: CON application #10449, page 41

MRMC indicates that according to Agency discharge data for CY 2015, there were 15,968 non-tertiary discharges from medical/surgical hospitals originating from the defined service area for the 18+ population. The applicant reveals that of the nearly 16,000 non-tertiary cases, 66 percent of discharges were age 65+. MRMC identifies a positive correlation between the percent of discharges that are 65+ in each ZIP Code to the population of 65+ residents in each service area ZIP Code. The applicant presents the table below which illustrates the 2015 non-tertiary discharges by age cohort and service area ZIP Code.

TimberRidge Hospital Service Area Non-Tertiary Resident Discharges Ages 18+, CY 2015								
Zip Code Area	Ages 18-44	Ages 45-64	Ages 65-74	Ages 75-84	Ages 85+	Total 18+	Total 65+	Percent of Total 65+
34481 Ocala	118	468	840	868	586	2,880	2,294	79.7%
34476 Ocala*	252	555	711	898	403	2,819	2,012	71.4%
34473 Ocala	212	485	375	312	120	1,504	807	53.7%
34432 Dunnellon**	93	383	421	405	202	1,687	1,028	68.4%
34474 Ocala	205	476	351	380	275	1,687	1,006	59.6%
PSA Total	880	2,367	2,698	2,863	1,586	10,394	7,147	68.8%
34442 Hernando	140	493	539	473	198	1,843	1,210	65.7%
34431 Dunnellon	81	212	232	245	124	894	601	67.2%
34482 Ocala	227	634	493	468	212	2,004	1,143	57.0%
34434 Dunnellon	132	234	191	187	89	833	467	56.1%
SSA Total	580	1,573	1,425	1,373	623	5,574	3,421	61.4%
Total Service Area	1,460	3,940	4,123	4,236	2,209	15,968	10,568	66.2%

Source: Con application #10449, page 121

* P.O. Box 34477 is included in ZIP Code area 34476

**P.O. Box 34430 is included in ZIP Code area 34432

The applicant provided patient discharge estimates as projected for the first three years of operation (2020 through 2022). The applicant states, based on anticipated population growth and historical discharge use rates per 1,000, service area non-tertiary discharges for ages 18+ are expected to be 17,199 in 2020 increasing to 17,686 (12 percent) by 2022. MRMC notes, of the 17,686 expected market cases in 2022, 11,677 (66 percent) will originate from the PSA ZIP Codes. The applicant asserts that the home ZIP Code (34481) alone will have 3,340 (27 percent) inpatient discharges and the contiguous ZIP Code (34476) area just to the east, will generate nearly 3,200 (22 percent) cases. See the table below.

TimberRidge Hospital Service Area Non-Tertiary Resident Discharges Ages 18+ 3-Year Trend, CYs 2013 Through 2015					
Zip Code Area	2013	2014	2015	2-Year Change	2-Year Percent Change
34481 Ocala	2,900	2,865	2,880	(20)	-0.7%
34476 Ocala*	2,699	2,651	2,819	120	4.4%
34473 Ocala	1,532	1,482	1,504	(28)	-1.8%
34432 Dunnellon**	1,453	1,500	1,504	51	3.5%
34474 Ocala	1,717	1,621	1,687	(30)	-1.7%
PSA Total	10,301	10,119	10,394	93	0.9%
34442 Hernando	1,593	1,730	1,843	250	15.7%
34431 Dunnellon	834	882	894	60	7.2%
34482 Ocala	1,961	1,967	2,004	43	2.2%
34434 Dunnellon	731	790	833	102	14.0%
SSA Total	5,119	5,369	5,574	455	8.9%
Total Service Area	15,420	15,488	15,968	548	3.6%

Source: CON application #10449, page 122

* P.O. Box 34477 is included in ZIP Code area 34476

**P.O. Box 34430 is included in ZIP Code area 34432

MRMC indicates that between 2015 and 2022, there will be 1,718 (10.8 percent) additional market cases. The applicant states that within the PSA, there will be 1,283 additional non-tertiary cases representing approximately 75 percent of the new volume forecasted in the nine ZIP Code service area. The applicant compares the historical and forecasted non-tertiary market discharges below.

TimberRidge Hospital Service Area					
Historical versus Forecasted Non-Tertiary Market Discharges					
Ages 18+					
CYs 2015 and 2022					
Zip Code Area	2015	2022	Change- 2015 to 2022	Percent Change- 2015 to 2022	Percent of Service Area Growth
34481 Ocala	2,880	3,340	460	16.0%	26.8%
34476 Ocala*	2,819	3,193	374	13.3%	21.7%
34473 Ocala	1,504	1,637	133	8.8%	7.8%
34432 Dunnellon**	1,504	1,619	115	7.6%	6.7%
34474 Ocala	1,687	1,888	201	11.9%	11.7%
PSA Total	10,394	11,677	1,283	12.3%	74.7%
34442 Hernando	1,843	1,968	125	6.8%	7.3%
34431 Dunnellon	894	928	34	3.8%	2.0%
34482 Ocala	2,004	2,196	192	9.6%	11.2%
34434 Dunnellon	833	917	84	10.1%	4.9%
SSA Total	5,574	6,009	435	7.8%	25.3%
Total Service Area	15,968	17,686	1,718	10.8%	100.0%

Source: CON application #10449, page 127

* P.O. Box 34477 is included in ZIP Code area 34476

**P.O. Box 34430 is included in ZIP Code area 34432

The applicant projects that in 2020 there will be 11,855 service area discharges generated by the 65+ population, increasing to 12,367 by 2022. The tables below represent age 65+ non-tertiary market discharges by service area ZIP Code for the first three years of operation and the forecasted market discharges based on anticipated inpatient utilization at the proposed TimberRidge Hospital.

TimberRidge Hospital Service Area			
Forecasted Non-Tertiary Market Discharges			
Ages 65+			
CYs 2020 and 2022			
Zip Code Area	2020 (Year 1)	2021 (Year 2)	2022 (Year 3)
34481 Ocala	2,691	2,770	2,850
34476 Ocala*	2,265	2,315	2,365
34473 Ocala	867	878	890
34432 Dunnellon**	1,137	1,159	1,181
34474 Ocala	1,099	1,117	1,135
PSA Total	8,059	8,239	8,420
34442 Hernando	1,344	1,371	1,397
34431 Dunnellon	644	653	662
34482 Ocala	1,289	1,319	1,349
34434 Dunnellon	519	529	539
SSA Total	3,796	3,872	3,947
Total Service Area	11,855	12,111	12,367

Source: CON application #10449, page 128

* P.O. Box 34477 is included in ZIP Code area 34476

**P.O. Box 34430 is included in ZIP Code area 34432

TimberRidge Hospital Service Area Forecasted Non-Tertiary Market Discharges By Age Cohort Ages 18+ CYs 2020 and 2022							
	Ages 18-44	Ages 45-64	Ages 65-74	Ages 75-84	Ages 85+	Total 18+	Total 65+
2020 (Year 1)							
PSA	947	2,308	3,148	3,093	1,818	11,314	8,059
SSA	610	1,479	1,652	1,447	697	5,885	3,796
Total Service Area	1,557	3,787	4,800	4,541	2,514	17,199	11,855
2021 (Year 2)							
PSA	961	2,295	3,239	3,137	1,863	11,495	8,239
SSA	617	1,459	1,699	1,461	712	5,947	3,872
Total Service Area	1,578	3,754	4,939	4,598	2,574	17,442	12,111
2022 (Year 3)							
PSA	975	2,281	3,331	3,182	1,908	11,677	8,420
SSA	624	1,438	1,746	1,474	727	6,009	3,947
Total Service Area	1,599	3,720	5,077	4,656	2,634	17,686	12,367

Source: CON application #10449, page 129

MRMC states the proposed hospital is forecasted to have 10,951 patient days in its first year of operation, yielding an average daily census of 30 patients with a 45.5 percent average occupancy rate in the 66 medical/surgical beds. By the third year of operation, the applicant indicates it will provide 18,164 patient days resulting in an average daily census of 49.8 patients with an occupancy rate of 75.4 percent. The applicant provides the proposed project's forecasted patient days by ZIP Code area for the first three years of operation. See the table below.

TimberRidge Hospital Forecasted Patient Days Ages 18+ for CYs 2020 Through 2022			
Zip Code Area	2020 (Year 1)	2021 (Year 2)	2022 (Year 3)
34481 Ocala	3,691	4,519	5,377
34476 Ocala*	2,130	2,888	3,671
34473 Ocala	1,104	1,489	1,883
34432 Dunnellon**	1,095	1,475	1,862
34474 Ocala	674	855	1,042
PSA Total	8,694	11,227	13,836
34442 Hernando	445	673	905
34431 Dunnellon	422	637	854
34482 Ocala	295	499	707
34434 Dunnellon	329	500	591
SSA Total	1,491	2,308	3,057
Total Service Area	10,185	13,535	16,892
Out of Area (7%)	767	1,019	1,271
Total Discharges	10,951	14,554	18,164

Source: CON application #10449, page 136

* P.O. Box 34477 is included in ZIP Code area 34476

**P.O. Box 34430 is included in ZIP Code area 34432

The applicant indicates it applied a 4.6 day average length of stay (ALOS) to forecast utilization. MRMC states that the actual 2015 ALOS for service area ZIP Codes for the MS-DRG “non-tertiary” data set was 4.65 days but the applicant reduced the forecasted TimberRidge Hospital ALOS to 4.6 days to account for anticipated changes. MRMC states the higher 4.65 ALOS is due to high Medicare volume in the service area.

MRMC presents the following summary of forecasted discharges, patient days, average daily census and resulting occupancy rates for the first three years of operation at the proposed TimberRidge Hospital. The applicant notes that the volume below results in the proposed hospital garnering an average 13 percent market share overall in the service area in year one, increasing to nearly 21 percent market share in year three. See table below.

TimberRidge Hospital Forecasted Utilization Ages 18+ CYs 2020 Through 2022			
Zip Code Area	2020 (Year 1)	2021 (Year 2)	2022 (Year 3)
Discharges	2,381	3,164	3,949
ALOS	4.6	4.6	4.6
Patient Days	10,951	14,554	18,164
Average Daily Census	30.0	39.9	49.8
Licensed Beds	66	66	66
Occupancy Rates	45.5%	60.4%	75.4%

Source: CON application # 10449, page 154

- b. Will the proposed project foster competition to promote quality and cost-effectiveness? Please discuss the effect of the proposed project on any of the following:**
- **applicant facility;**
 - **current patient care costs and charges (if an existing facility);**
 - **reduction in charges to patients; and**
 - **extent to which proposed services will enhance access to health care for the residents of the service district.**
- ss. 408.035(1)(e) and (g), Florida Statutes.**

The applicant states that the establishment of TimberRidge Hospital will allow for competition that fosters quality of care and cost effectiveness through more rapid treatment of the thousands of patients being transferred from TimberRidge ED each year—minimizing impact on EMS to transfer patients out of the area with or without excessive wall time given the magnitude of EMS medical calls in the service area. MRMC states this will help reducing the cost to Marion County EMS system and decreasing costs to service area residents.

MRMC affirms the cost savings of avoiding transport in its entirety, thus eliminating the transport charge (base fee) as well as eliminating the mileage add-on charge to the consumer. MRMC states for 2016, the base interfacility fee for transport for an Advanced Life Support I (ALS) unit is \$500 and the mileage charge is \$10.16 per mile. The applicant explains that at an estimated 12.2 miles, the total mileage charge per transport is \$124, making the total trip \$624. MRMC provides the chart below, which shows the anticipated annual savings from the elimination of interfacility transport.

Consumer Savings Through Elimination Of Certain Interfacility Transport			
	Planning Horizon		
	2020	2021	2022
Elimination of Interfacility Transport	2,479	2,558	2,636
Base Fee per Trip (\$500)	1,239,418	\$1,278,648	\$1,317,877
Consumer Mileage per Trip (\$124)	\$307,257	\$316,982	\$326,707
Total Savings (Elimination of Interfacility Transport)	\$1,546,675	\$1,595,630	\$1,644,584

Source: CON application #10449, page 140

In addition to savings to providers and consumers, cost effectiveness, improved quality of care and accessibility, MRMC contends the approval of the proposed TimberRidge Hospital would also provide savings to Marion County Fire Rescue in terms of labor, fuel usage and wear/tear on vehicles.

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

The table below illustrates the Medicaid/Medicaid HMO days and percentages as well as charity percentages provided by MRMC and District 3 overall, in fiscal year (FY) 2015 data from the Florida Hospital Uniform Reporting System (FHURS).

Medicaid, Medicaid HMO and Charity Data MRMC Medical Center and District 3, FY 2015				
Applicant/Area	Medicaid and Medicaid HMO Days	Medicaid and Medicaid HMO Percent	Percent of Charity Care	Percent Combined Medicaid, Medicaid HMO and Charity Care
MRMC	11,384	12.18%	0.7%	13.5%
District 3 Total	169,777	13.96%	2.14%	16.1%

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

Further review of the entire complement of District 3 general acute care hospital providers for FY 2015 indicates that, compared to all other general acute care hospital in District 3, for the period, Munroe Regional Medical Center had:

- The third highest number of Medicaid/Medicaid HMO patient days (11,384)
- The seventh highest percentage of these patient days (12.18 percent)
- The nineteenth highest percentage of charity care patient days (0.7 percent)

The reviewer confirms that MRMC is District 3's third highest volume single provider of acute care services to patients served through Medicaid/Medicaid HMO and the medically indigent (exceeded by UF Health Shands and North Florida Regional Medical Center). Additionally, the reviewer confirms that MRMC is the highest volume single provider of acute care services to patients served through Medicaid/Medicaid HMO and the medically indigent in the District 3, Subdistrict 3-4.

The table below illustrates MRMC's state fiscal year (SFY) 2015-2016 low-income pool (LIP) and disproportionate share hospital (DSH) program participation, as of September 20, 2016.

Munroe Regional Medical Center LIP and DSH Program Participation 2015-2016		
Program	Annual Total Allocation	Year-to-Date Total Allocation as of September 20, 2016
LIP	\$552,547	\$552,547
DSH	\$393,756	\$393,663

Source: Agency Division of Medicaid, Office of Program Finance

The applicant states that MRMC has a long history of providing health services to Medicaid patients and to the medically indigent on an inpatient basis as well as in its two emergency rooms. MRMC states it is the only hospital in the Subdistrict that provides obstetrics and pediatric services of which Medicaid is a common payor source.

MRMC states that during each of the past three years (CY 2013-CY 2015), it has provided between 18 and 19 percent of its discharges to Medicaid, Medicaid Managed Care and KidCare patients with another one percent of discharges being charity care for the medically indigent. The applicant states that an additional four to five percent were self-pay or underinsured patients. MRMC notes that during CY 2013-CY 2015, approximately 24 to 25 percent of all MRMC patients were a combination of Medicaid, Medicaid HMO, KidCare and the medically indigent. The applicant presents discharges by payor source for CY 2013-CY 2015 in the table below.

MRMC Discharges by Payor Excluding Normal Newborns Calendar Years 2013 Through 2015						
Payor	Discharges			Percent of Total		
	CY 2013	CY 2014	CY 2015	CY 2013	CY 2014	CY 2015
Medicare	9,723	9,260	8,439	42.7%	41.2%	39%
Comm. Insurance	5,960	6,373	6,032	26.2%	27.3%	28%
Medicaid Managed Care	1,489	2,461	3,299	6.5%	10.5%	15.3%
Medicare Managed Care	1,089	1,332	1,622	4.8%	5.7%	7.5%
Self-Pay/Underinsured	1,077	1,122	922	4.7%	4.8%	4.3%
Medicaid	2,731	1,907	836	12.0%	8.2%	3.9%
Other State/Local Govt.	138	152	117	0.6%	0.7%	0.5%
Champus/TriCare/Other Fed Govt.	108	125	92	0.5%	0.5%	0.4%
VA	98	83	83	0.4%	0.4%	0.4%
Charity/Non-Payment	275	138	61	1.2%	0.6%	0.3%
Workers Comp	49	41	30	0.2%	0.2%	0.1%
Commercial Liability Coverage	0	5	23	0.0%	0.0%	0.0%
KidCare	15	7	5	0.1%	0.0%	0.0%
Total	22,752	23,366	21,561	100%	100%	100%
Medicaid/Medicaid HMO/KidCare	4,235	4,375	4,140	18.6%	18.7%	19.2%
Charity/Non-Payment	275	138	61	1.2%	0.6%	0.3%
Self-Pay/Underinsured	1,077	1,122	922	4.7%	4.8%	4.3%
Total	5,587	5,635	5,123	24.6%	24.1%	23.8%

Source: CON application #10449, page 143

The applicant proposes to condition project approval to provide a minimum of 13 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis.

MRMC states that the ED at TimberRidge has also been a long standing provider with a commitment to serving the emergent needs of Medicaid patients and the medically indigent. The applicant notes that according to the Agency's ED data tapes, for the last three years Medicaid Managed Care followed by Medicaid, has been the largest payor source at TimberRidge ED. MRMC reports between 35 and 37 percent of all

TimberRidge ED were either Medicaid, Medicaid Managed Care or KidCare payors, with another 18 to 22 percent of patients being charity care, self-pay and underinsured. The applicant provides the following table as evidence of TimberRidge ED and MRMC serving the needs of medically indigent patients.

Emergency Center at TimberRidge ED Visits by Payor Calendar Years 2013 Through 2015						
Payor	ED Visits			Percent of Total		
	CY 2013	CY 2014	CY 2015	CY 2013	CY 2014	CY 2015
Medicaid	2,856	2,848	1,845	10.8%	10.6%	6.5%
Medicaid Managed Care	6,116	6,689	8,323	23.2%	25.0%	29.5%
KidCare	265	270	206	1.0%	1.0%	0.7%
Charity/Non-Payment	984	408	128	3.7%	1.5%	0.5%
Self-Pay/Underinsured	4,693	4,526	4,819	17.8%	16.9%	17.1%
Subtotal	14,914	14,741	15,321	56.6%	55.1%	54.3%
All Other	11,417	12,017	12,895	43.4%	44.9%	45.7%
Total	26,331	26,758	28,216	100.0%	100.0%	100.0%
Medicaid/Medicaid Mgd Care/KidCare	9,237	9,807	10,374	35.7%	36.7%	36.8%

Source: CON application #10449, page 144

Munroe Regional Medical Center ED Visits by Payor Calendar Years 2013 Through 2015						
Payor	ED Visits			Percent of Total		
	CY 2013	CY 2014	CY 2015	CY 2013	CY 2014	CY 2015
Medicaid	7,132	7,563	3,698	11.4%	11.8%	6.1%
Medicaid Managed Care	20,583	23,096	25,049	33.0%	36.0%	41.7%
KidCare	875	23,096	477	1.4%	1.1%	0.8%
Charity/Non-Payment	2,061	707	304	3.3%	1.3%	0.5%
Self-Pay/Underinsured	9,738	838	9,316	15.6%	15.3%	15.5%
Subtotal	40,389	9,808	38,844	64.7%	65.4%	64.6%
All Other	22,038	22,221	21,295	35.3%	34.6%	35.4%
Total	62,427	64,233	60,139	100.0%	100.0%	100.0%
Medicaid/Medicaid Mgd Care/KidCare	28,590	31,366	29,224	45.8%	48.8%	48.6%

Source: CON application #10449, page 145

- d. **Does the applicant include a detailed description of the proposed general hospital project and a statement of its purpose and the need it will meet? The proposed project's location, as well as its primary and secondary service areas, must be identified by zip code. Primary service area is defined as the zip codes from which the applicant projects that it will draw 75 percent of its discharges, with the remaining 25 percent of zip codes being secondary. Projected admissions by zip code are to be provided by each zip code from**

largest to smallest volumes. Existing hospitals in these zip codes should be clearly identified. ss. 408.037(2), Florida Statutes.

The applicant states that the proposed project location will be 9521 SW State Road 200, Ocala, Florida 34481, which is the same physical address as the existing TimberRidge ED.

The applicant presents the service area by ZIP Code as follows:

TimberRidge Hospital Service Area	
34481 Ocala	Primary Service Area
34476 Ocala*	Primary Service Area
34473 Ocala	Primary Service Area
34432 Dunnellon**	Primary Service Area
34474 Ocala	Primary Service Area
34442 Hernando	Secondary Service Area
34431 Dunnellon	Secondary Service Area
34482 Ocala	Secondary Service Area
34434 Dunnellon	Secondary Service Area

Source: CON application #10449, page 151

* P.O. Box 34477 is included in Zip Code area 34476

** P.O. Box 34430 is included in Zip Code area 34432

F. Written Statement(s) of Opposition

Except for competing applicants, in order to be eligible to challenge the Agency decision on a general hospital application under review pursuant to paragraph (5)(c), existing hospitals must submit a detailed written statement of opposition to the Agency and to the applicant. The detailed written statement must be received by the Agency and the applicant within 21 days after the general hospital application is deemed complete and made available to the public. ss. 408.039(3)(c), Florida Statutes.

The Agency received one written statement of opposition (WSO) to CON application #10449 on November 4, 2016 submitted on behalf of Ocala Regional Medical Center (ORMC), West Marion Community Hospital (WMCH) and Citrus Memorial Hospital (CMH), who collectively oppose the proposed project. The WSO was signed by R. David Prescott of Rutledge Ecenia, Professional Association, Attorneys and Counselors at Law, on behalf of ORMC, WMCH and CMH. The reviewer notes that CMH (Subdistrict 3-5) is located in Citrus County-in the same district but not in the same subdistrict as the proposed facility.

The opposition asserts that, based on the application submitted by MRMC, the applicant failed to meet the CON Statutory Review Criteria as

provided in Section 408.035 F.S. for new general acute care hospital. The applicant identifies a proposed service area of nine ZIP Codes covering southwestern Marion County and northeastern Citrus County. The opposition states that the applicant's identified service area has robust competition with six existing acute care hospitals providing care to area residents. Opposition states that the hospitals most proximate to the service area have more than adequate unoccupied beds to meet the anticipated increase in patient days for the near future, specifically through the year 2022 as projected by the applicant. Opposition contends that the proposed facility will not significantly improve accessibility, availability or improve the quality of acute care services for residents of southwestern Marion or northeastern Citrus Counties.

Opposition contends that though MRMC asserts that various circumstances and metrics indicate problems with access, MRMC provided no documentation of actual patients who have not received necessary care in a timely manner, nor does the applicant identify any community, regional or population group specifically in need that is not presently being met by existing hospitals. Opposition asserts that with recent bed additions and other expansions recently completed at Ocala Regional Medical Center and West Marion Community Hospital as well as additional expansions underway or planned at those facilities and MRMC's main campus, more than adequate capacity will exist in the service area far in advance of the proposed project implementation date.

Opposition states that MRMC now has 421 beds with plans to add 34 more beds, renovate the ED and add new treatment and observation rooms. The WSO notes that MRMC's 421 licensed beds operated at less than 62 percent occupancy during 2015, which means that an average of 162 beds were available daily. Opposition indicates that the diversions or bed delays reported by the applicant are not the result of physical capacity but other issues. This includes the lack of staffing availability in which the WSO states MRMC experienced when orthopedic patients were diverted because orthopedic surgery staff were not available. Opposition declares that there is no need for an additional hospital to meet the acute care inpatient needs of the residents of the service area.

The opposition states that MRMC provides 10 reasons that support the need for a new hospital in southwest Marion County. Opposition indicates that the justifications present are variously inaccurate, misinterpreted, applicant-specific and fail to illustrate a satisfactory finding of need. Opposition contends that the applicant failed to include the following analysis:

- A determination of recent use rates by the area population
- Assessment of use rate trends
- Expected growth among the identified service area population

CON Action Number: 10449

- A projection of total patient days expected to be generated at a reasonably determined horizon date among the service area population
- A determination of the total existing and known new bed capacity available and accessible to meet the identified service area need
- A comparison of available and new capacity against the projected needed capacity to determine the “net need”

Opposition indicates that the applicant omitted an analysis because a rigorous investigation of actual bed need shows conclusively that there is no need for additional beds in the service area. Opposition noted that MRMC did give some examination to a number of elements such as the analysis of the PSA and SSA population characteristics, and expected growth by age cohort by ZIP Code for (2016) and horizon periods (CY's 2020-2022). Opposition notes that MRMC's assessment includes population trends and dynamics with tremendous senior growth in the service area population noting pressure on existing facilities with high occupancies is misleading. Opposition contends that, with an absence of an actual need analysis, such an assertion amounts to mere speculation.

ORMC states it conducted its own “net need” analysis (WSO, Attachment 1) and forecast of potential utilization and impact as described by the applicant, and presents a more accurate and realistic view of the need for the proposed project. Opposition indicates that there are similarities between ORMC's and MRMC's analysis however, the primary difference is that the applicant makes no effort to determine and account for the total number of licensed beds now available in and nearby the identified service area, nor those expected to be available between now and the projected implementation date of the proposed project. Opposition states that MRMC asserts that West Marion is at or over capacity now, and this circumstance will continue to prevail throughout the projection period. Opposition contends that this view by the applicant is wrong and misinterprets the effects of recent expansion, minimizes the impact of current expansion projects, ignores their own apparent plan to add additional beds at the existing 421-bed MRMC facility.

Opposition states that MRMC's list of “circumstances” evidenced in the subdistrict and the defined service area cited to support approval for the proposed project is actually a list of points MRMC crafted to support the belief that:

- It can capture enough inpatient market share to make a hospital feasible
- The population in the area is growing and aging
- Ambiguous data regarding EMS transport and delivery in the county can be interpreted as an ongoing access issue

- Assertion in letters of support can substitute for sound analysis

ORMC analysis (WSO, Attachment 1) starts with current (2015) and projected (2022) population by age cohort by ZIP Code areas identified by the applicant and looks at existing inpatient acute care discharges at all relevant hospitals by DRG for the most recent reporting period. ORMC states they use 14 ZIP Coded areas rather the nine identified by MRMC as its anticipated PSA and SSA, as a more reasonable reflection of the areas the facility is likely to draw significant numbers of patients. Opposition notes that the five ZIP Codes areas that were added to the applicant's projected service area are all part of West Marion's service area and all lie closer to TimberRidge than West Marion. Opposition provides a map on page two of the WSO, illustrating the anticipated 14 ZIP Code service area. According to the map, West Marion service area completely transverses that expected for the proposed TimberRidge Hospital.

Opposition further compares the anticipated 14 ZIP Code service area to the applicant's stated nine ZIP Code service area and in order to make their own assessment of impact under various potential market conditions. The opposition indicates they ran projects using the range of DRG's proposed by MRMC and employed patient days instead of discharges. Opposition states that two changes were made to MRMC's market share assumption, that ALOS was held at 4.65 days instead of the reduced 4.6 days proposed by the applicant and five additional ZIP Codes were added to the applicant's proposed SSA (based on their inclusion in WMCH's SSA) and their perceived accessibility to the proposed TimberRidge site. Under this model, the opposition states the new facility patient days attributable to residents of the proposed primary and secondary service area in 2022 would be expected to equal 28,973.

Opposition presents the expected impact, in terms of lost patient days in the following table. Opposition states the data presented displays three things:

- The number of patient days each of the six hospitals currently service the area would expect to deliver to area residents in absence of the proposed project
- The effect of 28,973 patient days being delivered at the proposed TimberRidge facility
- The anticipated loss of patient days at each facility serving the area residents as a result of the addition of the proposed facility

Projected Patient Days at Area Hospitals Adult Non-Tertiary/Specialty DRGs Per TimberRidge Application TimberRidge Hospital Proposed Service Area With Five Additional Zip Codes CY 2020			
	Without TimberRidge Operational	With TimberRidge Operational	Difference
Hospitals	Patient days	Patient days	Patient Days
Munroe Regional	28,650	20,623	-8,027
West Marion	17,979	12,942	-5,037
Ocala Regional	14,391	10,359	-4,032
Shands Gainesville	8,217	5,915	-2,302
Citrus Memorial	19,768	14,230	-5,538
Seven Rivers	3,906	2,812	-1,094
Other	10,506	7,563	-2,943
TimberRidge	0	28,973	-28,973
All Hospitals	103,416	103,416	0

Source: WSO, page 16

Opposition states the following in regards to need:

- The applicant has not demonstrated need for an additional hospital to meet the acute care inpatient needs of the residents of southwestern Marion County or northeastern Citrus County
- The applicant provides a volume forecast for the proposed facility and does not demonstrate that the population to be served does not now or will in the future, generate a true community-level need for the project
- The proposed project will duplicate inpatient acute care services currently available in or near the identified 14 ZIP Code geographic area
- With successful implementation of the proposed project WMCH can expect a loss of 5,037 patient days, ORMC 4,032 patient days and CMH 5,538 patient days, that it would otherwise treat in CY 2020, with increasing losses in future years
- With no regulatory barrier in regards to physical expansion, the proposed facility could be twice the size within a year or two of opening
- MRMC's expected 22 percent share of the inpatient non-tertiary acute (non-OB) market, may be much larger

The opposition contends that the EMS metrics that MRMC cites as evidence of lack of access need closer examination. Opposition notes that the collection of data elements only began in 2015 and the data collect system was changed after the first nine months as stated by the applicant. Opposition calls into question the accuracy, consistency and reliability and states the data may not be a sound basis upon which to pursue a project of such magnitude. In addition, opposition states for the past 3-4 months, the data on facility diversion and bed delays have been dropping substantially by month when viewed on a year over year basis. Opposition states that this decline indicates the problems cited by the applicant are improving and will likely continue to improve as

additional planned capacity is added and all parties continue to address the issues beyond the physical plant capacity constraints.

The WSO states the additional 24 inpatient beds added at WMCH have helped alleviate some of the capacity issues and the expansion project to add 44 more beds, including eight ICU beds is underway and will be implemented by the fourth quarter of 2017. The expansion includes nine additional ED patient rooms for a total of 31, as well as additional OR capacity. The opposition states this expansion will have a tremendously positive impact upon patient output at WMCH, and will help continue recently observed downward trend for the EMS metrics cited by the applicant.

The WSO addresses the claim by MRMC, that travel times to hospitals outside the service area are “greater than reasonable”, 20 to 30 minutes, resulting in geographic inaccessibility to inpatient services from the service area. Opposition states that it conducted a drive time and distance analysis using Keyhole Markup language Zipped (KMZ) software in conjunction with Google Earth, to calculate the shortest averaged time route from the geographic centroid of each ZIP Code area of the nine ZIP Codes identified by MRMC as the service area for the propose project. Opposition indicates that their analysis reveals that none of the identified ZIP Code area is now more than 26 minutes distance from an existing acute care hospital and that six of the nine areas are presently within 20 minutes or less of an existing hospital. Opposition asserts that the proposed project will improve drive time and distance (three to five minutes) for only four of the nine ZIP Codes area comprising the intended service area.

Opposition states that only one ZIP Code will experience improved drive times by more than 10 minutes while another ZIP Code area will experience no change in access time. Opposition affirms that such improvements in drive time are quite modest, offering no significant improvement in access and in the case of ZIP Code 34431, and the proposed project would still leave it with worse accessibility than the other eight identified service area ZIP Codes. Opposition contends that the one ZIP Code area for which the proposed facility would offer an appreciable geographic access improvement to inpatient acute care services (ZIP Code 34432), is neither the largest nor the fastest growing among the areas making up the total service area and constitutes 8.8 percent of the area population. The distance analysis is presented on page 14 of the WSO. Opposition argues, while the new facility would reduce travel times by an average of thirteen minutes for residents of this area, residents are now only experiencing an average 21-minute commute to existing facilities. Opposition contends that by any reasonable standard, the minor improvement for a small population is

not justification upon which to base the approval for a new acute care hospital.

In regards to the applicant’s past and proposed provision of health care services to Medicaid patients and the medically indigent, opposition points out that CON application #10449 does not contend that there are any problems of availability or accessibility regarding Medicaid patients or the medically indigent, nor is the project necessary to address any such issues. Opposition indicates the condition for approval, in which an intended 13 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and under insured patients on an annual basis, is not essential or even important to MRMC’s continued provision of care to the identified traditionally underserved population groups, nor to its capability to meet the proposed condition. Opposition declares that the applicant’s own Medicaid analysis notes that their current proportion of such patients is much higher than the 13 percent condition applicable to the proposed project. Opposition asserts that the comparative tables utilized by the applicant to illustrate its superiority as a provider of services to the medically indigent have limited relevance.

Opposition highlights the statement made by the applicant that “MRMC is the only hospital in the Subdistrict that provides obstetrics and pediatric services of which Medicaid is the common payor source”. The opposition points out that neither obstetrics nor pediatric services are planned at the proposed TimberRidge Hospital. Opposition states that if the comparison of inpatient utilization is restricted to the service area identified by MRMC, limited to adult patients, and restricted to those services to be provided at the proposed hospital (based on MRMC’s own definitions) a very different picture emerges. Opposition provides the following chart in which they state an “apples to apples” comparison demonstrates that MRMC actually provides a smaller proportion of its patient days to Medicaid patients and the medically indigent than either ORMC or WMCH. See the table below.

Comparison of Medicaid/Medicaid HMO, Self Pay and Charity Care at MRMC, ORMC and WMCH								
Payer Category	MRMC	Percent	ORMC	Percent	WMCH	Percent	Total	Percent
Medicaid	546	2%	260	2%	329	2%	1,135	2%
Medicaid HMO	1,000	4%	699	6%	505	3%	2,204	4%
Self Pay	708	3%	710	9%	657	4%	2,075	4%
Non Pay	44	0%	112	1%	124	1%	280	1%
Medicaid/Self/Non Pay (combined)	2,298	9%	1781	14%	1,615	10%	5,694	11%
All Sources	25,254	--	12,511	--	16,244	--	54,009	--

Source: WSO, page 20

Opposition asserts that WMCH and ORMC both concur that the need for the project has not been demonstrated, based upon availability or accessibility of inpatient acute care beds to Medicaid or indigent care

patients residing in the proposed service area of the applicant and the proposed project fails to satisfy ss. 408.035 (1) (i), F.S.

Opposition maintains that the proposed project will not enhance access to health care for residents of the service area, nor will it foster competition that promotes quality and cost-effectiveness. Opposition states the following:

- Virtually all residents of the service area live within 26 minutes average driving time
- The proposed hospital will provide no appreciable improvement in drive time accessibility for five of the nine ZIP Code area residents identified by MRMC
- The ZIP Code area (34432 for which drive time access would be appreciably improved) already has good accessibility (average 21 min) to an existing acute care hospital
- The six hospitals now providing most care to area resident have an average 347 unoccupied license acute care bed days on any given day
- Ocala Health, the umbrella entity for both WMCH and ORMC, provided nearly 40 percent of the routine patient days delivered to adult residents of the TimberRidge service area during CY 2015, yet are discounted as alternatives in the MRMC presentation
- The alleged cost savings associated with introduction of the project do not justify the project and its adverse impact upon existing providers
- There will never be a complete elimination of interfacility transport, such transports are common occurrences in all hospitals
- Any patient that could be treated at the proposed facility can be treated at WMCH
- In order to get from TimberRidge to MRMC, which adds another 11 minutes to the trip, a vehicle must literally pass the entrance to WMCH

The opposition maintains that the proposed TimberRidge Hospital by MRMC, meets none of the statutory criteria for approval of a certificate of need for a new acute care hospital and should be denied.

G. Applicant Response to Written Statement(s) of Opposition

In those cases where a written statement of opposition has been timely filed regarding a certificate of need application for a general hospital, the applicant for the general hospital may submit a written response to the Agency. Such response must be received by the Agency within 10 days of the written statement due date. ss. 408.039(3)(d), Florida Statutes.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON #10449), responded on November 14, 2016 to the WSO submitted

collaboratively on behalf of ORMC, WMCH and CMH. Bob Moore, Chief Executive Officer, responded on behalf of the applicant. MRMC indicates and the reviewer confirms through the website

<http://hcahealthcare.com/about/facilities.dot>, that ORMC, WMCH and CMH are all Hospital Corporation of America, (HCA) facilities. MRMC refers to the three opposing hospitals as “HCA Hospitals” in their written response. MRMC’s response is 19 pages with additional reference material that include the following journal articles:

- Paramedics Getting Back in Service Faster, Ocala StarBanner, November 1, 2016 (four pages)
- Munroe Shifts Focus to the West, Ocala StarBanner, August 2, 2016 (six pages)
- New Ocala Health CEO is Bullish on Future, Ocala StarBanner, August 1, 2016 (four pages)

The response contends that the PSA and SSA defined in CON application #10449 is reasonable and conforms with the statutory requirements of defining a service area based on the ZIP Code areas in descending order which aggregate to 75 percent being PSA and the SSA representing additional contiguous ZIP Code areas aggregating some or all of the remaining discharges, generally between 15 and 20 percent.

MRMC points out that two of the opposing hospitals are in the same subdistrict as the applicant whereas CMH is in a different subdistrict and only one hospital, WMCH is within the defined TimberRidge Hospital Service Area. The response addresses comments in the WSO suggesting forecasted utilization should identify patient days in a geography and apply a patient day use rate to arrive at future utilization. MRMC states, not only is this premise inconsistent with health planning metrics, and is inconsistent with Florida Statutes regarding forecasted utilization. MRMC states this premise is also counter to the Agency’s ongoing evaluation and conclusions relative to hospital and other health care services inpatient utilization. The response adds the most payors representing the majority of hospital utilization including Medicare and Medicaid, reimburse hospitals on a discharge basis. MRMC states that a third party’s forecasted utilizing patient days creates an inability to identify discharges by payor, reimbursement by payor, and fails to incorporate any medical treatment and reimbursement trends which may impact on a hospital’s gross and net revenues, length of stay and ultimately utilization. MRMC asserts that the opposition statement forecast of patient days, impact and other factors associated with this failed and inappropriate methodology can be discounted.

In response to the WSO that suggest the service area identified by the applicant should be larger, with the addition of five ZIP Code areas. MRMC states that it is apparent that the opposition did not conduct a thorough evaluation of the migration patterns of persons residing in each

of these five ZIP Code areas, nor did opposition consider the geographic location of each of these ZIP Code areas. MRMC states the following are facts relative to migration patterns of residents in each of these five ZIP Code areas identified by the opposition:

- ZIP Code area 33436: this ZIP Code area is Floral City and is a ZIP Code quite far and remote from Marion County hospitals. It is 17 minutes south of CMH and 41 minutes south of the proposed TimberRidge Hospital. Suggesting that this ZIP Code area should be in TimberRidge Hospital's Service Area is inappropriate and improper. This ZIP Code had 1,071 non-tertiary adult discharges in CY 2015. Only three were discharges from WMCH. Seventy-five percent of its discharges were from CMH and Seven Rivers Medical Center, both Citrus County hospitals. The next two hospitals with 18 percent admissions in aggregate are both in Hernando County to the southwest of Citrus County at Oak Hill Hospital and Bayfront Health Brooksville. In terms of percent of discharges at the three Marion County hospitals, this ZIP Code area represents just 0.0 to 0.1 percent of each hospital's discharges-there is no natural flow of these patients north into Marion County
- ZIP Code area 34453: this is one of the Iverness ZIP Codes in Citrus County, Iverness is home to CMH. This ZIP Code is nearly 30 minutes from the proposed Timber Ridge Hospital and just 10 to 12 minutes from CMH. Seventy one percent of the non-tertiary admissions (1,359) discharged from CMH. There is no reason to include this ZIP in the proposed TimberRidge Hospital's service area
- ZIP Code area 34450: this is another Iverness ZIP Code area. It is more than 30 minutes from TimberRidge Hospital and just six minutes from CMH. More than 77 percent of this ZIP Code area's non-tertiary admissions (1,528) were discharged from CMH, another six percent from Seven Rivers Medical Center. Just eight cases of the 1,528 (0.5 percent) were discharged from West Marion. There is no reason to include this ZIP in TimberRidge Hospital's service area
- ZIP Code area 33538: this ZIP Code area is in Sumter County and had 673 non-tertiary adult discharges this past year. The top admitting hospital for 39 percent of total discharges is Leesburg Regional Medical Center in Lake County, followed by CMH with 30 percent. Combined these two hospitals indicate that 70 percent of discharges in this ZIP Code travel to Citrus and Lake County for hospital care. Patients in this ZIP do not generally travel to Marion County for hospital services
- ZIP Code area 32668: this is the only ZIP Code to the north/northwest of the proposed TimberRidge Hospital, the previous four were each to the south. This is the smallest ZIP Code area in terms of utilization with 551 non-tertiary adult discharges in 2015. The top two admitting hospitals for these

patients are both in Gainesville, Alachua County- UF Health Shands and North Florida Regional Medical Center. Less than ten percent of the ZIP Code area's discharges were admitted to West Marion (51 cases in 2015)

MRMC provides the following tables which indicate nearly 99 percent of all discharges from the three Marion County hospitals are NOT from the five ZIP Code areas, which the WSO suggests be added to the service area. See the tables below.

Analysis of HCA Hospital's Proposed Additional ZIP Code Areas CY 2015 Hospital Discharges By Hospital and ZIP Code Area					
	ZIP Code County	Munroe Regional Medical Center	West Marion Community Hospital	Ocala Regional Medical Center	Citrus Memorial Hospital
Hospital County		Marion County	Marion County	Marion County	Citrus County
ZIP Code Area (*)					
32668	Levy	117	51	65	3
33538	Sumter	13	3	12	203
34450	Citrus	37	8	30	1,172
34453	Citrus	48	17	40	969
34436	Citrus	14	3	17	690
All Other Discharges		21,332	6,534	12,408	7,932
Total Hospital Discharges		21,561	6,616	12,572	10,969
Percent of Total Discharges Not in the 5 ZIP Code Areas		98.9%	98.8%	98.7%	72.3%

(*) Non-Tertiary Discharges, Ages 18+ as defined in CON Application #10449 as TimberRidge Hospital cases. Total Hospital Discharges represent total discharges from these hospitals excluding normal newborns. Source: AHCA Inpatient Data Tapes and NHA Analysis
Source: Response to WSO, page 5

Analysis of HCA Hospital's Proposed Additional ZIP Code Areas CY 2015					
	ZIP Code County	Munroe Regional Medical Center	West Marion Community Hospital	Ocala Regional Medical Center	Citrus Memorial Hospital
Percent of Discharges in Each ZIP Code Area by Hospital					
32668, Morriston		0.5%	0.8%	0.5%	0.0%
33538, Lake panosofkee		0.1%	0.0%	0.1%	1.9%
34450, Iverness		0.2%	0.1%	0.2%	10.7%
34553, Iverness		0.2%	0.3%	0.3%	8.8%
34436, Floral City		0.1%	0.0%	0.1%	6.3%

Source: Response to WSO, page 6

MRMC states that the opposition seems to indicate institution specific need factors do not weigh in favor of application and gives an example of an improving pay mix. The applicant counters by stating the need for TimberRidge Hospital is not institution specific so this observation is irrelevant.

CON Action Number: 10449

The response indicates that there is no reference of analysis in the WSO that even considers the volume of patients presenting at TimberRidge ED and the number of transfers from TimberRidge ED to out of the service area. MRMC states this is completely ignored, as well as the associated excessive travel time to reach an available hospital and the impact this has on the health care infrastructure including Marion County Fire and Rescue among other facts presented. The response states that opposition indicated that no occupancy analysis was presented of the competition in which MRMC states is incorrect. MRMC asserts that there was an occupancy analysis within CON application #10449 that demonstrated there is tremendous seasonality within the subdistrict hospitals. Analysis by MRMC showed how WMCH's 24-bed addition was filled to capacity in less than one year (with seasonality putting it over capacity), and it also showed the 22-bed addition at ORMC and how that now operates at 85 percent occupancy. MRMC contends that high occupancies are indicative of the need for additional beds in the Subdistrict. The response declares that the statement made by the opposition that the planned 34-bed addition at MRMC is erroneous as there is no bed addition at MRMC.

The opposition identifies vacant beds currently in Marion County, this is based on the two Marion County HCA Hospitals having 85 percent occupancy on average (not the seasonally adjusted). MRMC states the only hospital with lower occupancy and available beds is the applicant. The response states these beds are the subject of diversion, bed delays, functional capacity issues and more importantly, access and travel time that largely exceeds a 30-minute travel standard. The response addresses the article submitted by opposition regarding a new bed tower at MRMC indicating more beds will be available to address need. MRMC states that opposition failed to update the 16-month old article with a more current version. MRMC points out that the Marion County Hospital District and Board of County Commissioners are involved in approving the Munroe Regional capital plan requiring Munroe Regional to expend a certain amount of funds within the next six years. MRMC provides an article dated August 2, 2016 in which the capital project at MRMC is discussed.

MRMC responds to the opposition's claim that it did not conduct a need analysis, stating that the WSO simplistically attempts to convert the list of factors that demonstrate need for the proposed hospital to population, market share, EMS and letters of support. MRMC states that health planning metrics are not limited to the four "summarized" by the WSO but rather the documentation of barriers to accessing care for residents of the defined service area are much more extensive and should be evaluated accordingly, based on their documented experience. MRMC indicates that the opposition takes the above mentioned four points and suggests there is enough capacity in the Service Area and questions the EMS bed delay statistics since EMS upgraded the bed delay recording

system after nine months. MRMC counters that the significant increase in documentation after the first nine months points to more of a local community problem than the initial nine months of data. The response states that the detailed report is supported by the EMS responders who have excessive wall time and bed delays due to lack of hospital beds in the community to support the needs of the present population and those through the planning horizon (2022). MRMC notes that opposition did not contest the first nine months of data only the system change and opposition does not provide any alternative data.

MRMC responds to the opposition statement regarding bed delays being solved or on the way to being solved. The response states that while bed delays are down when one compares September of 2016 to September of 2015, the situation is not solved and nowhere near being solved as shown by the data below:

- MRMC has a lesser number of bed delays in 2016 than in 2015 in four of the nine months-not in five of nine months as stated by opposition
- Ocala Regional only had a lesser number of bed delays in one of the nine months-eight of the nine months were greater
- WMCH had higher numbers every month in 2016 compared with the same month each and every month in 2015, when West Marion had 145 bed delays compared to 116 bed delays in September 2015. This 25 percent increase is the closest margin

The response asserts that EMS responder support for the proposed project through submission of an EMS Responder Survey, as they see the bed delays and wall times on a daily basis. MRMC states the data presented in CON application #10449 regarding EMS bed delays, clearly shows that bed delays are a reality in Marion County and a hardship on patients, families, Marion County Fire and Rescue, quality of care, availability of beds and access to these beds. MRMC expresses that there were a series of other analyses presented in CON application #10449 to demonstrate the need for TimberRidge Hospital in which the WSO did not refute nor address any of the following detailed analyses:

- TimberRidge ED utilization, number of current and forecasted transfers to other hospitals and the benefit for patients presenting at the TimberRidge to be treated at TimberRidge avoiding delay in treatment
- EMS interfacility transfer logs were not questioned nor even mentioned in the context of community need
- High occupancies at existing facilities in the Subdistrict. Data shows the hospital's occupancy by quarter, demonstrating seasonality and the impact on bed availability
- Diversion times and hours also demonstrate beds are not available

CON Action Number: 10449

- Bed delays/wall times are not specifically challenged in detail, the claim is that there is recent improvement does not apply to the one hospital which is in the service area
- Geographic inaccessibility demonstrates travel times to existing hospitals is excessive and well beyond that which is commonly accepted. The WSO indicates that there is “no single drive time standard” contrary to evidence. The analyses in CON application #10449 clearly demonstrates geographic barriers based on travel times as well as other barriers. The opposition does not address travel times during season yet adds five additional ZIP Code areas to enlarge the service area without presenting travel times for those particular five additional ZIP Code areas
- EMS medical calls in the service area demonstrate substantial utilization of which the majority are transported out of the area to geographically inaccessible hospital beds which may be on diversion or have bed delays in process. The opposition did not consider this information in its analysis of need for the proposed hospital nor did opposition mention EMS medical calls
- EMS surveys were not considered by the opposition. These surveys included the impact on Marion County Fire Rescue meeting the needs of the entire population, reducing time out of service, reducing transfer time and improving patient access time to diagnosis and treatment

MRMC states that the opposition suggest that there are six hospitals serving the defined service area when in fact there are only three hospitals in the Subdistrict, MRMC, ORMC and WMCH. MRMC indicates that the opposition adds three other hospitals to the “competition” as to identify empty or vacant beds. The response states that two of the additional hospitals are in Citrus County (Citrus Memorial Hospital and Seven Rivers Medical Center), and one is in Levy County (Regional General Hospital) and these three hospitals do not generally serve Marion County adult non-tertiary residents. MRMC states based on the following facts, there is not rationale to include these additional three hospitals:

- Regional General Hospital admitted just 16 Marion County cases in the most recent CY. This 40-bed hospital, with a census of one, generates 39 vacant beds in the WSO analysis. Service area residents do not travel to Levy County to receive services at a rural primary care hospital
- Citrus Memorial admitted just 125 (1.1 percent) adult non-tertiary patients out of a total 10,969 this past year
- Citrus Memorial is closer to Marion County and Seven Rivers Medical Center is 30 to 40 minutes further west of Citrus Memorial. There is no sound health planning principle that would create a natural migration and purchase pattern from Marion

CON Action Number: 10449

County to pass Citrus Memorial and drive another 30 to 40 minutes to access Seven Rivers

MRMC states that the WSO is contradictory in what it indicates is included in the CON application and what may not be included. The WSO indicates that there is not a “need” methodology presented in CON application #10449, which would typically employ population, discharges, use rates and resulting forecasted cases as well as bed need. MRMC notes that later in the WSO, opposition indicates that such an analysis was conducted in CON application #10449. MRMC comments on the opposition’s forecasted patient days by hospital with and without TimberRidge Hospital stating that the WSO provides unsubstantiated deviations inconsistent health planning in Florida, such as:

- Five ZIP Codes and three hospitals are added to the service area and competitive landscape without justification
- The DRG set may or may not have been modified from the CON application as the text is inconsistent
- There is no DRG set to forecasted patients (discharges) as the opposition uses a patient day forecast
- There is no presentation of market share to demonstrate admission by ZIP Code area to result in the forecasted volume to compute discharge impact
- The opposition forecast 28,973 patient days at TimberRidge while CON application #10449 indicates just 18,194. Opposition forecast results in an ADC of 79 in a 66-bed hospital, 20 percent greater than the number of licensed beds, which translates to an average annual occupancy of 120 percent
- Opposition analysis fails to consider TimberRidge ED transfers

MRMC asserts that it meets Statutory Criteria that the proposed hospital will allow for competition that fosters quality of care and cost effectiveness through more rapid treatment of the thousands of patients being transferred from TimberRidge ED each year thus minimizing the impact on EMS to transfer patients out of the area with or without excessive wall time, reducing cost to Marion County EMS system and decreasing cost to service area residents. MRMC states that the opposition disregards the quality argument perhaps from a lack of understanding that transfers and excessive wall times can result in delayed treatment impacting quality.

In response to comments made by the opposition regarding MRMC’s Medicaid condition to provide a minimum of 13 percent patient days to Medicaid/KidCare/Charity/Self Pay payor groups, MRMC notes that the opposition cites WMCH as providing only 10 percent of its care to these patients. MRMC states that given the service area average is 13 percent, it is obvious that WMCH falls short of its fair share and is 30 percent less

than what the proposed TimberRidge Hospital proposes. MRMC affirms that TimberRidge ED has a higher Medicaid/medically indigent rate than WMCH's emergency room and states this will continue at the proposed hospital once licensed.

In conclusion, MRMC states that based on both qualitative and quantitative presentation in CON application #10449, when weighing and balancing all of the relevant Statutory Review Criteria, MRMC demonstrated that it meets or exceeds each of the criteria and should be approved.

H. SUMMARY

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON #10449) proposes to establish a new Class I, 66-bed general acute care hospital (TimberRidge Hospital) to be located in Marion County, Florida, District 3/Subdistrict 3-4.

MRMC offers nine ZIP Codes to account for the total proposed service area, with the following five ZIP Codes as the PSA and the remaining four ZIP Codes as the SSA.

PSA ZIP Codes:

- 34481 (Ocala)
- 34476 (Ocala*)⁴
- 34473 (Ocala)
- 34432 (Dunnellon**) ⁵
- 34474 (Ocala)

SSA ZIP Codes:

- 34442 (Hernando)
- 34431 (Dunnellon)
- 34482 (Ocala)
- 34434 (Dunnellon)

MRMC proposes the following condition(s) to CON approval on the application's Schedule C:

- The proposed new TimberRidge Hospital will be located at 9521 SW State Road 200, Ocala, Florida 34481
- TimberRidge Hospital will provide a minimum of 13 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis

⁴ P.O. Box 34477 is included in Postal ZIP Code area 34476

⁵ P.O. Box 34430 is included in Postal ZIP Code area 34432

CON Action Number: 10449

- Extend nursing training and education programs that are conducted in conjunction with Rasmussen College and College of Central Florida at Munroe Regional Medical Center to TimberRidge Hospital
- Annually sponsor the On Top of the World Health Fair
- Annually participate in the Oak Run Health Fair
- The Collins Health Resource, located in the TimberRidge Medical Park, will be used for educational programming regularly to include but not be limited to physician lecture series and wellness classes
- The Collins Health Resource Center, located in the TimberRidge Medical Park, will be available for use by Prestige 55, the senior membership program, to regularly host meetings, activity programs and other events

Need:

As of December 31, 2015, District 3, Subdistrict 3-4 had a total of 737 licensed acute care beds with an occupancy rate of 73.10 percent during the 12-month period ending December 31, 2015. The subdistrict's occupancy rate (73.10 percent) was greater than that of District 3 (67.60 percent) and more than the statewide occupancy rate (57.58 percent). Including MRMC, there are three general hospitals located in District 3, Subdistrict 3-4. ORMC and WMCH each had utilization rates higher than District 3 overall and all three general hospitals had occupancy rates higher than the state overall for calendar year (CY) 2015.

MRMC presents the following factors that warrant approval of the proposed project:

- There is an existing high volume freestanding emergency room on the site, meeting the emergent and some non-emergent needs of the service area population which will be incorporated into TimberRidge Hospital upon licensure
- The level of patient activity at TimberRidge ED, number of transfers for inpatient treatment, observation from TimberRidge ED, resulting cost on the health care system and family hardship demonstrate the service area need for inpatient hospital beds on the TimberRidge Campus
- High occupancy at existing hospitals along with diversion and bed delay statistics indicate there are not available and accessible inpatient hospital beds for the population in need within the service area
- Travel times to hospitals outside the area are greater than reasonable travel times of 20 to 30 minutes, resulting in geographic inaccessibility to inpatient services from the service area
- Bed delays, diversion status and excessive wait times at Marion County hospitals and the impact these have on Marion County EMS, thereby increasing costs to the health care system demonstrate

unfavorable market conditions and lack of availability of beds for the service area population

- Population trends and dynamics with the tremendous growth in service area population, particularly amongst the senior population indicate a continued pressure on existing facilities with high occupancies
- TimberRidge Hospital will allow for competition that fosters quality of care and cost effectiveness through rapid treatment of the thousands of patients being transferred from TimberRidge ED each year, minimizing impact on EMS to transfer patients out of the area with or without excessive wall time given the magnitude of EMS medical calls in the service area, reducing the cost to Marion County EMS system, and decreasing the cost to the service area residents
- Providing an accessible inpatient hospital thereby enhancing access
- Community support from residents, former patients and health care professionals
- Experienced leadership (Munroe Regional)
- Over 1,600 surveys in favor of the proposed hospital

Written Statement(s) of Opposition

The Agency received one WSO to CON application #10449 on November 4, 2016 submitted on behalf of ORMC, WMCH and Hospital CMH, who collectively oppose the proposed project. The reviewer notes that CMH (Subdistrict 3-5) is located in Citrus County-in the same district but not in the same subdistrict as the proposed facility.

Opposition stated that the proposed project should be denied based on the following reasons:

- The applicant has not demonstrated need for an additional hospital to meet the acute care inpatient needs of the residents of southwestern Marion County or northeastern Citrus County
- The applicant provides a volume forecast for the proposed facility and does not demonstrate that the population to be served does not now or will in the future, generate a true community-level need for the project
- The proposed project will duplicate inpatient acute care services currently available in or near the identified 14 ZIP Code geographic area
- With successful implementation of the proposed project, WMCH can expect a loss of 5,037 patient days, ORMC 4,032 patient days and CMH 5,538 patient days, that it would otherwise treat in CY 2020, with increasing losses in future years
- With no regulatory barrier in regards to physical expansion, the proposed facility could be twice the size within a year or two of opening

- Virtually all residents of the service area live within 26 minutes average driving time
- The proposed hospital will provide no appreciable improvement in drive time accessibility for five of the nine ZIP Code area residents identified by MRMC
- The ZIP Code area (34432 for which drive time access would be appreciably improved) already has good accessibility (average 21 min) to an existing acute care hospital
- The six hospitals now providing most care to area resident have an average 347 unoccupied license acute care bed days on any given day
- Ocala Health, the umbrella entity for both WMCH and ORMC, provided nearly 40 percent of the routine patient days delivered to adult residents of the TimberRidge service area during CY 2015, yet are discounted as alternatives in the MRMC presentation
- The alleged cost savings associated with introduction of the project do not justify the project and its adverse impact upon existing providers
- There will never be a complete elimination of interfacility transport, such transports are common occurrences in all hospitals
- Any patient that could be treated at the proposed facility can be treated at WMCH
- No evidence is provided by the applicant that any patients have been denied care or have not received need care

The Agency finds that the applicant met the criteria specified in Section 408.035 (2), F.S., for a general acute hospital. The Agency has determined that on balance the applicant demonstrated need for the project as well as addressing availability, accessibility and extent of utilization of existing health care facilities as well as addressing the criteria of 408.035 (1)(e),(1)(g) and (1)(i) F.S.

Competition

The applicant states that the establishment of TimberRidge Hospital will allow for competition that fosters quality of care and cost effectiveness through more rapid treatment of the thousands of patients being transferred from TimberRidge ED each year, minimizing impact on EMS to transfer patients out of the area with or without excessive wall time given the magnitude of EMS medical calls in the service area, reducing the cost to the Marion County EMS system and decreasing costs to service area residents. In addition to savings to providers and consumers, cost effectiveness, improved quality of care and accessibility, MRMC contends the approval of the proposed TimberRidge hospital would also provide savings to Marion County Fire Rescue in terms of labor, fuel usage and wear/tear on vehicles.

Medicaid/charity care:

The proposed TimberRidge Hospital will provide a minimum of 13 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis

Florida Hospital Uniform Reporting System data indicates that during FY 2015, Munroe Regional Medical Center provided 13.5 percent of its total patient days to Medicaid, Medicaid HMO and charity care. Overall, District 3 acute care facilities averaged 16.1 percent Medicaid, Medicaid HMO and charity care patient days, during this same time frame.

Munroe Regional Medical Center participates in the LIP and the DSH programs. The applicant's SFY 2015-2016 total LIP allocation was \$552,547 and the total DSH allocation was \$393,756. The applicant's LIP allocation received was \$552,547 and the DSH allocation received was \$393,663 as of September 20, 2016.

I. RECOMMENDATION:

Approve CON# 10449 to construct a 66-bed acute care hospital in District 3, Subdistrict 3-4, Marion County

CONDITIONS:

- The proposed new TimberRidge Hospital will be located at 9521 SW State Road 200, Ocala, Florida 34481
- TimberRidge Hospital will provide a minimum of 13 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis
- Extend nursing training and education programs that are conducted in conjunction with Rasmussen College and College of Central Florida at Munroe Regional Medical Center to TimberRidge Hospital
- Annually sponsor the On Top of the World Health Fair
- Annually participate in the Oak Run Health Fair
- The Collins Health Resource, located in the TimberRidge Medical Park, will be used for educational programming regularly to include but not be limited to physician lecture series and wellness classes
- The Collins Health Resource Center, located in the TimberRidge Medical Park, will be available for use by Prestige 55, the senior membership program, to regularly host meetings, activity programs and other events

AUTHORIZATION FOR AGENCY ACTION

Authorized representatives of the Agency for Health Care Administration adopted the recommendation contained herein and released the State Agency Action Report.

DATE: _____

Marisol Fitch
Health Administration Services Manager
Certificate of Need