

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Next Generation Behavioral Health, LLC/CON #10483

6100 Tower Circle Drive, Suite 1000
Franklin, Tennessee 37067

Authorized Representative: Steven T. Davidson
(615) 861-6000

Southeast Florida Behavioral Health, LLC/CON #10484

367 South Gulph Road
King of Prussia, Pennsylvania 19406

Authorized Representative: Roz Hudson
(610) 382-4351

2. Service District

District 11 – Miami-Dade and Monroe Counties

B. PUBLIC HEARING

A public hearing was requested and held on Wednesday May 3, 2017 at the Health Council of South Florida, Inc. in Miami-Dade, Florida.

Steve Davidson, Chief Development Officer of Acadia Healthcare Company, spoke first expressing the following points in favor of CON application #10483, which are documented in a written testimony:

- The existing University of Miami (UM) Hospital campus has infrastructural constraints that prevent expansions and the addition of new clinics and outpatient services—particularly those that would contribute to the maintenance and growth of the psychiatric program.
- The partnership between Acadia Healthcare Company, Inc. (AHC) and UM makes use of experiences that AHC has with forming collaborations in the creation of other health care projects making use of the resources, time, and talent of both partners. AHC provides capital and UM provides the existing 104 adult psychiatric beds, staff and programs within District 11.

CON Action Numbers: 10483 and 10484

Mr. Davidson states that site selection will occur following approval of the proposed project and anticipates that the facility will encompass 15 to 20 acres in the short-term, encompassing the specialty hospital and adult residential treatment facility (RTF). Davidson states that there are several parcels within Miami –Dade County that can encompass the plans for the campus and anticipates that the estimated acreage will accommodate program development for both office spaces for faculty, research staff and clinical practitioners as well as meeting spaces for patients/families for education, training and support. Davidson states that the campus setting will allow for the best option for “the most pressing needs now with respect to making sure that all the licensed beds come into service. However, the immediacy of the acute phase should not over-shadow the needs after discharge for persons with serious psychiatric disorders that require partial hospitalization. Also, clinic space assures that linkage occurs for those whose needs include medication management and psychotherapy long-term.”

Davidson concludes that the result of the collaboration will provide better outcomes for patients, expand the reach and effectiveness of the clinical education and research elements of the Department of Psychiatry and Behavioral Sciences at UM while producing synergy that makes use of “limited health care dollars and other resources for the benefit of patients.”

Patti Greenberg, authorized representative for CON application #10484, spoke next describing the proposed project as an 80-bed facility for adults only. The facility will treat adult patients with a dual diagnosis, general psychiatric patients and geriatric patients. Ms. Greenberg states that the facility will be located in south Miami-Dade County where there are no other existing services. Ms. Greenberg states that the closest facility to south Miami-Dade is Jackson Memorial South Community Hospital, distant from the Homestead area and the location proposed for the adult psychiatric hospital in CON application #10484.

Ms. Greenberg states that CON application #10484 discusses the high occupancy of facilities in south Miami-Dade and notes the existence of vacant bed settings in central and northern Miami-Dade County.

Ms. Greenberg identifies the applicant as Universal Health Services (UHS), one of the largest behavioral health companies in the United States. Ms. Greenberg maintains that UHS has the financial resources to support the implementation of the proposed project and has a number of facilities in south Florida, particularly in Broward County, which would allow for a facile transition into Miami-Dade County.

Ms. Greenberg reiterates that sites being evaluated for the proposed project are located in the southern part of Miami-Dade County, south of 152nd Street.

CON Action Numbers: 10483 and 10484

Ms. Greenberg underscores the following points in support of the proposed project:

- The application is conditioned upon being located within a defined primary service area (PSA), identified by the applicant and will not relocate north of that area
- The proposed project will be a Baker Act receiving facility
- The application is conditioned upon Joint Commission accreditation
- The application is conditioned upon a specific provision of care to Medicaid and indigent

Ms. Kathy Platt, representative for Southern Winds Hospital identifies Abraham Shaulson and Kathleen Melo, CEO of Southern Winds, physicians and staff among individuals representing Southern Winds Hospital (SWH) and among those in opposition to the proposed project. Ms. Platt summarizes themes discussed in statements in opposition to CON applications #10483 and #10484 provided at the public hearing. These statements and written testimony are summarized below.

SWH submitted letters of opposition along with two statements of opposition against approval of CON application #10483 and CON application #10484. The letters of opposition are providers (*i.e.* psychiatrists, registered clinical social work intern, licensed mental health counselors), affiliated professionally with SWH. The letters state that providers do not face barriers admitting psychiatric patients from SWH and other existing providers but that the proposed projects will result in an adverse impact on existing providers, like SWH, which are meeting community need for adult inpatient psychiatric services. The letters also state that there are 15 existing providers and that on average over 300 empty beds are available to patients, demonstrating evidence of readily available psychiatric services and the absence of need for an additional psychiatric hospital within District 11.

Letters are noted from the following individuals:

- Jorge Betancourt, MD
- Carmen Espinosa-Perez, MD
- Enrique Casuso, MD
- Lashia Derys, MSW, RCSWI
- Marlyne Delima, LMHC
- Evelyn Melo, LMHC
- Elizabeth Burhart, LMHC
- Silva Silva-Duluc, MD

CON Action Numbers: 10483 and 10484

Ms. Melo, MHL, CHC, CHPC, also submitted a letter of opposition.

Ms. Melo describes SWH as a freestanding psychiatric specialty hospital with 68 adult psychiatric beds (including a 16-bed senior unit) and four adult substance abuse beds. Ms. Melo states that SWH has experienced a change of ownership resulting in a substantial commitment to improving physical facilities as well as additional programs and services. Ms. Melo states that the service expansion at SWH includes the addition of a partial hospitalization program (PHP), intensive outpatient program, art studio and pet therapy. She notes that these services are directed at adults as evidenced by the conversion of 18 child/adolescent psychiatric beds for adult inpatient psychiatric patients and adult substance abuse patients.

Ms. Melo indicates that SWH possesses a full array of psychiatric services and programs including extensive outreach programs and that mental health professionals are available 365 days/24 hours a day. She states that SWH is a designated Baker Act receiving facility, the second largest Baker Act receiving facility in Miami-Dade County and is stated to maintain relationships with hospitals, mental health facilities, clinics, physicians and law enforcement.

Ms. Melo contends that there are not any geographic, financial or programmatic barriers to access for adult inpatient psychiatric services within Miami-Dade County. She states that existing providers provide sufficient adult inpatient psychiatric services and beds that are well dispersed with sufficient capacity to accommodate growth in admissions. Ms. Melo notes that SWH is financially accessible and states that Medicaid patients have accounted for over 50 percent of patients admitted in the nine months following the facility's change of ownership.

The following adverse impacts are noted from approval of either of the proposed projects:

- The redirection of inpatient admissions, outpatients and employees from existing providers which would result in a negative impact on the services and level of care provided
- Loss of patients, revenue, and increased competition for key staff (*e.g.* psychiatric nurses, licensed clinical social workers, licensed mental health counselors and certified therapeutic recreation specialists) at SWH

In addition to submitting written testimony, Ms. Melo expressed opposition to both CON application #10483 and CON application #10484 as a result of knowledge of the existing bed availability within District 11.

CON Action Numbers: 10483 and 10484

Ms. Melo stated that since her tenure as CEO of SWH, significant increases in bed availability and the distribution of beds geographically have improved the accessibility of psychiatric services within District 11. She estimated that within District 11 there are currently over 300 adult psychiatric beds available per day and 31 beds available at SWH.

Ms. Melo noted that the demand for inpatient services has fallen because of more frequent use of outpatient services and shorter inpatient stays.

Ms. Melo anticipates that the proposed projects will limit the capacity for growth and expansion at SWH and result in the redirection of patients from existing providers to the applicants' freestanding facilities.

Ms. Melo concludes that there is no need for an additional freestanding psychiatric provider within District 11.

Southern Winds Written Statement in Opposition to CON

Application #10483: SWH states that there is no need for an additional adult psychiatric hospital in Miami-Dade County and determines that the proposed project will result in unnecessary capital expenditures, service duplication and an adverse impact on SWH as well as other existing providers.

Background on SWH

SWH states that in June 2016, the facility was acquired and changed management which undertook an assessment of services and infrastructural improvements including a cumulative positive bottom line for the first nine months of operation. SWH anticipates that the proposed project will result in an erosion of the financial gains made in recent months and planned improvements. Since its most recent acquisition, SWH has initiated a focus on adult patients through converting its 18 licensed child/adolescent beds, resulting in an ultimate bed complement of 72 beds: 68 adult psychiatric beds and four substance beds. Due to increased demand for substance abuse services, attributed to information gained from referral sources and industry trends, SWH has identified a need for substance abuse beds for adults with a primary substance abuse diagnosis to receive inpatient care departing from historical trends of classifying substance abuse issues as "dual-diagnosis" with psychiatric diagnoses. SWH states that the campus has three designated units designed for severely mentally ill adults, adults with a step-down in severity from severely mentally ill patients and geriatric/mature patients. SWH is a designated Baker Act facility.

CON Action Numbers: 10483 and 10484

SWH is described as having a full continuum of services, including all of the services proposed in CON applications #10483 and #10484, on a conveniently located and patient-friendly campus. SWH has included the following services since undergoing a change in ownership:

- Intensive outpatient program (IOP)
- PHP
- Music therapy
- Art therapy
- Pet therapy

Background on CON Application #10483

SWH identifies Next Generation Behavioral Health (NGBH), LLC as a newly formed subsidiary of AHC a for-profit publically traded operator of health facilities, proposing to establish a 104-bed adult inpatient psychiatric hospital in Miami-Dade County. SWH states that CON application #10483 is conditioned upon the voluntary delicensure of 104 beds at UM Hospital upon approval of the proposed project. SWH notes that CON application #10483 is not predicated upon a specified provision of care to underserved patient groups, the new adult inpatient psychiatric hospital location has not been identified in the CON proposal, and the proposed 80-bed adult RTF is immaterial as it is not subject to review or consideration of the proposed project.

SWH describes the project as misleading and questions the future role and benefits to the UM as an affiliate or collaborator. SWH notes that an attestation to the agreement is not provided and additionally states that the only documentation provided is a letter indicating voluntarily delicensure of 104 beds at UM Hospital. SWH anticipates that the beds will be operated separately by Next Generation and will transition from a not-for-profit academic medical center to a private for-profit facility. SWH also states that a binding commitment is absent to support the endorsements and possible leadership of medical staff and faculty from the UM Hospital.

SWH notes that most authors of the letters of support for CON application #10483 misidentify the applicant as UM and do not recognize the application as a collaboration between UM and AHC. Opposition maintains that none of the letters are noted to directly endorse NGBH or AHC. SWH also states that only one of the letters is written by a physician and none of the letters describe any issues related to barriers in access to an adult psychiatric inpatient bed or evidence of any “not normal circumstances” that would support need for the proposed project.

CON Action Numbers: 10483 and 10484

SWH states that the lack of need for the proposed project is evidenced by UM's description of its existing program as follows: "University of Miami Hospital offers free initial assessments and is the only inpatient psychiatric facility in south Florida which provides private rooms, each with its own bathroom and television."

In evaluation of need for the proposed project, SWH states that there is a large surplus of beds in District 11 and estimates that over 10 percent (94) of beds in the market would have to be delicensed before the existing providers could operate at the desired district average occupancy standard (75 percent). Due to an absence of need and surplus of beds within District 11, SWH states that the applicant has failed to document any "not normal circumstances" to warrant approval of the proposed project. SWH determines that on average over 300 empty beds exist in Miami-Dade County, these beds are described as well distributed, which ensures geographic access to all parts of Miami-Dade County. SWH also states that adult inpatient providers are financially accessible and maintain low to moderate occupancy rates. SWH also states that Miami-Dade County lacks any areas with insufficient adult inpatient psychiatric beds, thus relocation would not offer increased access to care. In consideration of the proximity of the UM Hospital to Jackson Behavioral Health, SWH states that the applicant has failed to identify how co-location is limiting access to care. SWH also refutes the assertion that some more populated areas of Miami-Dade County have lost beds. Based on the existing bed complement of providers with adult inpatient psychiatric beds, the applicant notes that 14 of 15 providers with adult psychiatric services are located in Miami-Dade and one adult inpatient psychiatric provider is located in Monroe County. SWH notes that acute care beds can be converted to adult psychiatric beds pursuant to 408.036(3)(o), Florida Statutes and Rule 59C-1.005(6)(i), Florida Administrative Code, through the exemption process. SWH considers expansions of existing facilities through the conversion of existing acute care beds to psychiatric beds as cost-effective alternatives to expanding services as opposed to the addition of a new facility.

SWH reiterates that facilities are evenly geographically distributed throughout all parts of Miami-Dade County and provides maps depicting the geographic distribution of psychiatric/substance abuse providers in Miami-Dade County on pages 8 - 9 of the written statement of opposition. SWH also does not anticipate that the introduction of a new adult psychiatric hospital will substantially reduce travel distances to inpatient psychiatric services in Miami-Dade County. SWH also notes the distribution of four crisis stabilization units with 85 beds in Miami-Dade County: Banyan Health Systems, Citrus Health Network, Community Health of South Florida and Jackson Community Mental Health Center. SWH states that since the location of the proposed

CON Action Numbers: 10483 and 10484

project is unspecified, the applicant has failed to demonstrate how relocation will improve access to any number of patients within District 11 and identifies an abundance of providers within UM Hospital's existing campus.

SWH maintains that the analysis of the bed complement by Zip Code included in CON application #10483 is flawed. Changes in the District 11 bed inventory from 2011 to 2016 are evaluated by SWH, noting that over 50 beds were added to District 11 in that time. SWH maintains that the addition of new beds or a new adult inpatient psychiatric facility is unnecessary until the existing bed inventory is well utilized and demonstrated need is present through the fixed need pool. SWH estimates that District 11 has the largest number of empty beds out of any district, projected at 309 empty beds derived from an occupancy rate of 61.65 percent. For these reasons, SWH concludes that there is an abundant bed supply that meets any potential need in southeast Florida even when considering that some patients in Miami-Dade County may out-migrate for care to other neighboring districts.

Furthermore, SWH states that there has been a concurrent growth in the number of beds in District 11 and decline in average lengths of stay (ALOS) for inpatients—shorter inpatient stays are determined to make beds available sooner. SWH attributes shorter inpatient stays to pressures on mental health facilities to move patients into PHPs and IOPs in outpatient settings, all available at SWH.

SWH contextualizes the magnitude of the surplus of beds within District 11 to the occupancy rate without the 104 adult psychiatric beds currently licensed at UM, noting that with the exclusion of UM's 104 licensed adult psychiatric beds, District 11 occupancy would be 70.8 percent (below the desired occupancy threshold of 75 percent) for the 12 months ending June 2016.

Based on an evaluation of discharge data from the AHCA Inpatient Database for the three-year period between July 2013 and July 2016 for all providers, SWH notes a 6.06 percent growth in adult psychiatric discharges in District 11 and a growth rate of 0.69 percent from 2015 through 2016 in District 11. SWH concludes that the level of growth in demand does not support need for the proposed 104-bed adult inpatient psychiatric hospital. The three-year use rate in District 11 from July 2013 – July 2016 is also determined to not depict a lack of access to inpatient adult psychiatric services, unusual circumstances or the justifiable use of capital expenditures associated with the proposed project that would warrant approval. The use rate per 1,000 within

CON Action Numbers: 10483 and 10484

District 11 (13.47) is also stated to not demonstrate a lack of access in justification for the proposed project. Tables depicting District 11 resident adult psychiatric discharges and the District 11 use rates per 1,000 population are included below:

District 11 Resident Adult Psychiatric Discharges				
County	July 2013 - June 2014	July 2014 - June 2015	July 2015 - June 2016	Percent Change
Miami - Dade	27,612	28,612	28,551	3.40%
Monroe	300	431	463	54.33%
District 11 Total	27,912	29,043	29,014	3.95%

Source: Opposition to CON application #10483, Page 17

District 11 Residents (18+) Psych Use Rates per 1,000 Population				
County	July 2013 - June 2014	July 2014 - June 2015	July 2015 - June 2016	Percent Change
Miami - Dade	13.51	13.84	13.64	1.01%
Monroe	4.78	6.90	7.43	55.29%
District 11 Total	13.25	13.64	13.47	1.63%

Source: Opposition to CON application #10483, Page 17

SWH anticipates that existing acute care hospitals will continue to add adult inpatient psychiatric beds and contribute to a continued surplus of beds within District 11. Tables depicting the projected number of beds needed for Miami-Dade residents and beds needed for District 11 residents are reproduced as they appear in the opposition statement to CON application #10483.

Beds Needed for Miami-Dade Residents			
	Actual YE June 2016	Projected 2021	Projected 2022
Miami-Dade Residents Use Rate (a)	13.64	13.64	13.64
Miami-Dade Adult (18+) Population	2,092,438	2,189,661	2,216,657
Discharges	28,551	29,878	30,256
ALOS	5.42	5.42	5.42
Patient Days	154,707	161,895	163,891
ADC	424	444	449
Bed Need at 75% Occupancy	565	591	599
Existing and Approved Beds*	778	778	778
Net Bed Need/Surplus	(213)	(187)	(179)

*Four beds at Southern Winds converted to substance abuse

Source: Opposition to CON application #10483, Page 19

CON Action Numbers: 10483 and 10484

Beds Needed for District 11 Residents			
	Actual YE June 2016	Projected 2020	Projected 2021
District 11 Resident Use Rate (a)	13.47	13.47	13.47
District 11 Adult (18+) Population	2,154,758	2,315,961	2,327,954
Discharges	29,014	31,185	31,346
ALOS	5.44	5.44	5.44
Patient Days	157,850	169,659	170,538
ADC	432	465	467
Bed Need at 75% Occupancy	577	620	623
Existing and Approved Beds*	803	803	803
Net Bed Need/Surplus	(226)	(183)	(180)

*Four beds at Southern Winds converted to substance abuse
Source: Opposition to CON application #10483, Page 20

SWH also concludes that there is no evidence for bed need when in-migration is considered and estimates that a surplus in beds would persist with the inclusion of patients who in-migrate to Miami-Dade County. The analysis is summarized in the table below.

Beds Needed for District 11 Facilities			
	Actual YE June 2016	Projected 2020	Projected 2021
District 11 Facility Use Rate	15.34	15.34	15.34
District 11 Adult (18+) Population	2,154,758	2,315,961	2,327,954
District 11 Facility Discharges	33,059	33,532	35,716
ALOS	5.42	5.42	5.42
Patient Days	179,051	192,446	193,443
ADC	491	527	530
Bed Need at 75% Occupancy	654	703	707
Existing and Approved Beds*	803	803	803
Net Bed Need/Surplus	(149)	(100)	(96)

*Four beds at Southern Winds converted to substance abuse
Source: Opposition to CON application #10483, Page 20

SWH also argues that Next Generation does not project adequate bed need for its own project and determines a bed surplus in District 11 in 2022. SWH states that population projections included in the analysis reflect more rapid increases in the adult population than Agency projections. The table evaluating projected bed need for the project is included below:

CON Action Numbers: 10483 and 10484

SWH Projected Bed Need Based on Next Generation Projections		
	2021	2022
Projected Adult Discharges	29,790	30,193
ALOS	5.8	5.8
Projected Adult Patient Days	172,250	174,580
Projected ADC	472	478
Bed Need at 75% Threshold	629	638
Existing Beds*	803	803
Bed Need (Surplus)	(174)	(165)

Source: Opposition to CON application #10483, Page 21

Opposition states that in consideration of population growth, actual historical utilization, calculating bed need for Miami-Dade residents, District 11 residents and District 11 facilities, there is neither evidence of need for additional beds in the area nor not-normal circumstances to offset computations for projected bed need of the proposed project.

An analysis of cost-effective alternatives is also considered in response to the proposed project. SWH determines that a new facility is the most costly and unnecessary alternative and characterizes an incremental addition of beds as a cost alternative solution to any necessary additions for adult inpatient psychiatric services. Sufficient allocations for land costs are also questioned in consideration that the land site is unidentified. The capacity for the estimated site allocation is also questioned.

In demonstration of the financial accessibility of existing providers, Southern Winds Hospital provides payor mix admissions from Quarters 3 and 4 of 2016 and Quarter 1 of 2017 which is reproduced below.

Southern Winds Payer Mix of Patient Admissions			
	Quarter 3 2016	Quarter 4 2016	Quarter 1 2017
Medicare/Managed Medicare	43.1%	41.9%	45.2%
Medicaid	51.0%	53.0%	50.7%
Commercial/Managed Care	5.0%	3.6%	3.6%
Self-Pay/Charity	0.9%	1.5%	0.5%
Total	100.0%	100.0%	100.0%

Source: Internal Data, SWH Opposition to CON application #10483, Page 22

The payor mix of District 11 facilities is provided in comparison from July 2015 – June 2016 and is reproduced below.

CON Action Numbers: 10483 and 10484

Payor Mix of Adult Psychiatric Discharges for District 11 Facilities							
Facility	Medicare	Medicaid	Commercial	Self-Pay	Non-Payment	Other	Total
Aventura	34.2%	23.4%	14.0%	17.4%	10.5%	0.5%	100%
Depoo	19.1%	19.1%	11.0%	43.9%	2.1%	4.9%	100%
Hialeah	58.1%	14.0%	16.3%	4.7%	7.0%	0.0%	100%
Jackson	25.8%	38.3%	5.7%	13.5%	4.6%	12.0%	100%
Jackson-North	66.7%	11.1%	0.0%	11.1%	11.1%	0.0%	100%
Jackson-South	30.2%	35.3%	18.3%	11.7%	3.4%	1.2%	100%
Kendall	26.2%	26.2%	17.9%	10.6%	17.4%	1.8%	100%
Larkin	52.6%	35.7%	6.2%	4.0%	0.0%	1.5%	100%
Mercy	32.5%	22.2%	34.2%	6.9%	3.1%	1.0%	100%
Mt. Sinai	40.7%	19.5%	15.0%	24.7%	0.0%	0.0%	100%
North Shore	26.9%	45.5%	6.5%	10.8%	9.8%	0.5%	100%
Palmetto	43.2%	29.9%	14.0%	10.7%	1.4%	0.8%	100%
Southern Winds	47.5%	44.7%	5.9%	1.5%	0.0%	0.4%	100%
U of Miami	32.0%	31.1%	21.1%	13.0%	1.5%	1.3%	100%
Westchester	33.5%	58.1%	5.9%	2.4%	0.0%	0.1%	100%
Grand Total	34.4%	34.1%	12.2%	11.8%	4.2%	3.2%	100%

Note: Includes Psych DRGs 876 – 887

Source: SWH Opposition to CON application #10483, Page 23

Based on these analyses, SWH determines that the project is less accessible to Medicare, Medicaid and non-payment patients when evaluating the District 11 average provision of care to Medicare, Medicaid and non-payment patients. SWH asserts that the payer mix of the proposed project in CON application #10483 will serve more commercial patients than the average of the providers in the district and less Medicaid and charity care patients. Tables summarizing the projected payer mix of the proposed project in CON application #10483 in comparison to the district average are included below:

Comparison of Next Generation to District Average Payer Mix						
	Medicare	Medicaid	Commercial	Self-Pay/ Non-Pay/Charity	Other	Total
Percent of Discharges						
District 11 Average	34.4%	34.1%	12.2%	16.0%	3.2%	100%
Next Generation	32.1%	31.1%	21.1%	14.5%	1.2%	100%
Percent of Days						
District 11 Average	48.4%	36.7%	2.8%	3.6%	8.5%	100%
Next Generation	35.0%	27.7%	20.0%	12.7%	1.6%	97.0%

Source: SWH Opposition to CON application #10483, Page 24

CON Action Numbers: 10483 and 10484

Non-Pay/Charity Patients Comparison: District 11 and Next Generation		
	Cases	Days
District 11 Average	4.16%	3.55%
Next Generation	1.50%	1.20%

Source: SWH Opposition to CON application #10483, Page 24

SWH presents a table summarizing the provision of care to involuntary patients (i.e. Baker Act) at existing facilities and crisis stabilization units is as depicted in the Baker Act Fiscal Year 2015 – 2016 Annual Report. Based on the provision of care and availability of Baker Act designated receiving facilities within District 11, SWH does not identify an absence of geographic access to care of involuntary patients. SWH also states that as a newly licensed entity, NGBH will have to apply to become a designated Baker Act receiving facility. SWH also notes that UM Hospital is among the facilities with the smallest provision of involuntary patient examinations and does not anticipate that a higher level of care to acuity patients will be attainable based on historical trends in care. SWH maintains that the project will enhance accessibility to involuntary patients.

In evaluation of market shares of existing providers in District 11, SWH projects that the proposed project will result in the reduction of market share of existing providers. SWH states that the adverse impact analysis included in CON application #10483 does not account for the ability of existing providers to absorb growth in demand when the surplus of beds is considered. SWH states that existing providers are anticipating growth in utilization to ensure financial stability through investments in new services, enhanced facilities and population growth. An analysis of the actual projected market share with the inclusion of the proposed project is included below. An assumption that all providers will lose 8.1 percent in market share is estimated by SWH.

CON Action Numbers: 10483 and 10484

District 11 Adverse Impact Analysis – Next Generation Health: Patient Loss						
Facility	YE 2016 Market Share	Projected 2022 Discharge - Status Quo	Next Generation Projected Market Share	Projected 2022 Discharges with Next Generation	Loss of Patients	% Loss
Jackson	19.7%	5,936	18.1%	5,454	(482)	-8.1%
Palmetto	10.3%	3,107	9.5%	2,855	(252)	-8.1%
Larkin	10.1%	3,045	9.3%	2,797	(247)	-8.1%
North Shore	9.8%	2,959	9.0%	2,719	(240)	-8.1%
U of Miami/ Next Generation	9.1%	2,755	16.5%	4,982	2,227	80.8%
Southern Winds	6.1%	1,855	5.6%	1,704	(151)	-8.1%
Jackson-South	5.7%	1,710	5.2%	1,571	(139)	-8.1%
Mt Sinai	5.3%	1,615	4.9%	1,484	(131)	-8.1%
Aventura	5.1%	1,525	4.6%	1,401	(124)	-8.1%
Mercy	5.0%	1,496	4.6%	1,375	(121)	-8.1%
Kendall	4.8%	1,439	4.4%	1,323	(117)	-8.1%
Westchester	4.4%	1,334	4.1%	1,225	(108)	-8.1%
All Other	4.7%	1,418	4.3%	1,303	(115)	-8.1%
Total	100.0%	30,913	100.0%	30,193	-	0.0%

Source: SWH Opposition to CON application #10483, Page 27

Overall, SWH predicts that the adverse impact from the proposed project will be more significant since all other providers will have the ability to capture referrals from the emergency departments of each hospital base. The adverse impact is also stated to disproportionately impact SWH beyond the projected 8.1 percent in patients since it is a freestanding specialty hospital that relies on referrals from hospitals and community physicians. SWH ultimately determines that the adverse impact will depend on the location of the facility proposed in CON application #10483.

An analysis of the financial impact of the proposed financial of the project also finds that in light of recent changes in ownership, investments in new services and improved facilities, and ongoing financial stabilization at SWH, the potential financial impact is estimated at 16.7 percent or \$444,732 in contribution margin.

SWH provides a table depicting the expected financial impact that would result from implementation of the proposed project. See the table below.

CON Action Numbers: 10483 and 10484

Next Generation Projected Financial Impact on Southern Winds					
	Medicare/ Managed	Medicaid	Commercial/Other	Self-Pay/ Non-Pay	Total
Next Generation Payor Mix	32.1%	31.1%	22.3%	14.5%	100.0%
Loss of Discharges	(48)	(47)	(34)	(22)	(151)
ALOS	8.83	3.12	4.16	5.65	
Lost Days	(427)	(146)	(140)	(123)	(836)
Average Payment per Discharge	\$833.93	\$601.74	\$621.30	-	
Loss Net Revenue (Reimbursement)	-\$355,749	-\$87,968	-\$86,782	-	-\$530,499
Savings per Patient Day				Per Day	
Ancillary				57.25	47,843
Dietary				31.69	26,483
Laundry				26,483	11,441
Total Lost Contribution Margin				13.69	-\$444,732
Annualized Net Income					\$2,665,322
Income After Loss					\$2,220,590
Percent Adverse Impact					-16.7%

Source: SWH Opposition to CON application #10483, Page 28

SWH identifies the following reasons for which need is not demonstrated by CON application #10483, interpreted from Section 408.035 (1), Florida Statutes:

- There is no need for the project—there is a larger surplus of adult inpatient psychiatric beds in District 11 and need for the project is not otherwise established.
- The project does not increase availability, quality of care, accessibility, and reduces the extent of utilization of existing facilities--there are hundreds of unoccupied adult inpatient psychiatric beds available to meet the needs of the district. These beds are geographically dispersed and financially accessible.
- The project does not enhance accessibility—existing beds and services are already geographically and financially accessible. In fact, the project is less accessible than the average existing providers already provide in the district.
- The project is not the least costly alternative—the project is highly costly particularly when the proposed beds are not needed. The least costly alternative is to better utilize existing beds in their existing locations and add small numbers of incremental beds to existing providers as needed.
- The applicant’s proposed provision of care to Medicaid and indigent is inadequate—the proposed project is less financially accessible to Medicaid and indigent patients than existing providers.

CON Action Numbers: 10483 and 10484

SWH identifies the following reasons for which need is not demonstrated by the proposed project, interpreted from Rule 59C-1.040, Florida Administrative Code:

- There are no “not normal circumstances” documented by the applicant that warrant the approval of this project in the absence of need
- The fixed bed need pool shows a significant surplus of adult inpatient psychiatric beds in District 11
- The applicant does not meet any of the preferences for hospital inpatient psychiatric services
 - Projected Medicaid and charity care days do not appear to exceed the district average
 - It does not appear that the applicant proposes to serve the most seriously mentally ill patients
 - While Next Generation proposes to be designated as an involuntary receiving facility, the number of involuntary admissions is projected to be low based on UM’s experience
- The project will not enhance geographic access

Background on CON Application #10484

SWH notes that the location for the proposed project is unspecified but within a PSA identified by the applicant, which consists of the southern part of Miami-Dade County and the Upper Keys. SWH states that if the intent of the proposed project is to serve south Miami-Dade County and Monroe-County including the Upper Florida Keys, a location should be specified. SWH states that the premise of the proposed project in CON application #10484 is to address gaps in services and programming that exist in Miami-Dade County within adult inpatient psychiatric providers for “mature adult” or geriatric patients. SWH refutes the assertion that any gaps in service or beds exists and does not identify any unique service offerings within the proposed project.

In review of support letters submitted with CON application #10484, SWH notes that several are from physicians in-training or physicians who reside outside of District 11. SWH also notes that the letters do not identify any evidence of “not normal circumstances” or barriers to accessing inpatient psychiatric beds in any part of District 11.

As a result of an absence of need and a surplus of beds within District 11, SWH states that the applicant has failed to document any “not normal circumstances” to warrant approval of the proposed project. SWH attests to the existence of an abundance of psychiatric beds within

CON Action Numbers: 10483 and 10484

District 11 and maintains that the beds are well-distributed, thereby ensuring geographic access to care within all parts of Miami-Dade County. SWH also states that adult inpatient providers are more financially accessible than the proposed project and maintain low to moderate occupancy rates.

In review of “Not Normal Circumstances” discussed in CON application #10484, SWH states that SFBH advances that a not normal circumstance exists for residents of far southern Miami-Dade County and the Upper Keys. SWH states that residents of these areas currently maintain high use rates and travel readily throughout Miami-Dade County demonstrating access to existing providers of adult inpatient psychiatric services. SWH states that “just under half of these patients” travel to north Miami-Dade County or further north to Broward County.

SWH notes that the proposed service area within CON application #10484 is southern Miami-Dade County and identifies Jackson South Community Hospital as the southern-most facility in Miami-Dade County. SWH maintains that the area is adequately served by existing adult inpatient psychiatric providers and has a high rate of inpatient psychiatric admissions, confirming sufficient access. SWH characterizes the remaining southwest landmass of Miami-Dade County as “uninhabited swamp land”. Despite identifying a defined PSA, SWH notes that the applicant does not specify a location. SWH does note that one crisis stabilization unit, Community Health of South Florida, is located within the Zip Code 33190—within the applicant’s proposed service area. Maps depicting the PSA in CON application #10484, including the southernmost-portion of inhabited Miami-Dade County, the Upper Keys, and Zip Code 33034 are provided on page 11 of the Written Opposition Testimony to CON application #10484. SWH notes that in the absence of a specified location it is impossible to determine the proposed project’s impact on access to residents of Miami-Dade County or “not normal” circumstances for which the project should be approved.

Since the implementation of the Affordable Care Act and its improvements in mental health parity and changes to Agency CON rules to allow for the addition of adult psychiatric beds to existing hospitals without prior CON approval, SWH notes that three new adult psychiatric programs and 111 adult inpatient psychiatric beds have been added to District 11. SWH estimates that District 11 has the largest number of empty beds out of any district (309 empty beds on average). For these reasons, SWH concludes that there is an abundant bed supply to meet any potential need in southeast Florida even when considering that some patients in Miami-Dade County may out-migrate for care.

CON Action Numbers: 10483 and 10484

SWH projects that the addition of 80 beds, as indicated in the proposed project, will result in an increase of 12.4 percent capacity in District 11, which is characterized as having low occupancy rates. The occupancy rate of existing providers is cited as evidence of the absence of need for the addition of a new facility. SWH also contests CON application #10484’s assertion that occupancy rates at Jackson-South Hospital, Kendall Regional Medical Center, Larkin Community Hospital, Mercy Hospital and Westchester Hospital inhibit access to adult inpatient psychiatric services. SWH notes that these facilities can add additional psychiatric beds as a more cost-effective alternative to the addition of the new hospital.

In evaluation of the migration patterns of patients within the applicant’s identified PSA, SWH notes that 53.2 percent of patients within the service area use facilities designated by the applicant as south Miami-Dade and 46.8 percent of patients utilize facilities designated by the applicant as north Miami-Dade or Broward County, which is determined to reflect that patients are not restricted to use facilities based on proximity. SWH also maintains that these patients have access to adult psychiatric inpatient services within 45 minutes satisfying the psychiatric hospital rule access criteria. Overall SWH does not determine that outmigration within the applicant’s self-identified service area reflects a “not normal” circumstance. SWH also states that patient out-migration patterns do not reflect a lack of access to care. SWH provides the following table depicting resident migration patterns. Residents identified consist of individuals residing in the PSA identified within CON application #10484; the table depicting these migration patterns is included below.

PSA Resident Migration Patterns		
Miami-Dade Region	PSA Cases	% of PSA Cases
South	1,078	53.2%
North	867	42.8%
Out-Migration	82	4.0%
Total PSA Cases	2,027	100.0%

Source: SWH Opposition to CON application #10484, Page 16

Using Agency Inpatient Data from July 2013 through July 2016, SWH identifies growth in utilization among Aventura, Larkin and North Shore and declining utilization among SWH, Mount Sinai, Westchester and UM. Opposition notes that District 11 resident adult psychiatric discharges increased to 3.96 percent and the District 11 total psychiatric use rate per 1,000 population increased by 1.63 percent. Again, the three-year use rate in District 11 from July 2013 through July 2016 does not reflect a lack of access to inpatient adult psychiatric services that would require the addition of the applicant’s 80-bed facility.

CON Action Numbers: 10483 and 10484

SWH contends that the use rate within District 11 does not demonstrate barriers in access within the proposed project's PSA and that the estimated use rate for the proposed project is estimated to be lower than the projected District 11 use rate. The table depicting this analysis is included below:

Comparative Use Rate for Adult Inpatient Psychiatric Services	
Area	Use Rate²
District 11 Subtotal	13.47
Statewide	9.53
SE Florida PSA	10.77

²It appears that SE Florida included service area residents in psychiatric DRGs from non-psychiatric hospitals in calculated use rates. Accurate use rates are slightly lower
Source: SWH Opposition to CON application #10484, Page 19

SWH reiterates a number of arguments utilized for their opposition for CON application #10483, including:

- The assertion that beds will continue to be added to the Agency defined service district at acute care facilities through the exemption process—adding to the inventory of adult psychiatric beds in Miami-Dade and Monroe Counties.
- There is no evidence for bed need when in-migration from outside Miami-Dade County is considered and that a surplus in beds would persist with the inclusion of patients who in-migrate.
- An analysis of less costly alternatives to building a new freestanding adult psychiatric hospital.
- The assertion that the proposed project is expected to reduce the utilization of existing facilities.
- Estimation that the proposed project is not financially accessible and will result in a lower provision of care to Medicaid patients and a larger provision of care to commercial/managed care patients.
- The proposed project will not increase access for involuntary patients.

SWH asserts that the analysis of bed need for the proposed project in CON application #10484 is flawed and does not reflect barriers to access or sufficient demand for the 80 beds proposed in the project. The analysis of the actual projected bed need for the proposed project in CON application #10484 is included below:

CON Action Numbers: 10483 and 10484

Projected PSA Bed Need at Current Use Rate		
	YE June 2020	YE June 2021
PSA Use Rate	10.77	10.77
PSA Population	201, 289	205,290
PSA Projected Cases	2,167	2,210
PSA ALOS	4.87	4.87
PSA Projected Patient Days	10,560	10,769
PSA Projected ADC	28.93	29.51
Bed Need at 75% Threshold	39	39
Proposed Beds	80	80
Surplus	41	41

Source: SWH Opposition to CON application #10484, Page 23

SWH determines that SFBH overestimates the bed need for the proposed project even when assuming higher use rates. The table summarizing this analysis is reproduced below:

Projected PSA Bed Need at Miami/Dade Use Rate		
	YE June 2020	YE June 2021
PSA Use Rate	13.64	13.64
PSA Population	201, 289	205,290
PSA Projected Cases	2,746	2,800
PSA ALOS	4.87	4.87
PSA Projected Patient Days	13,378	13,644
PSA Projected ADC	36.65	37.38
Bed Need at 75% Threshold	49	50
Proposed Beds	80	80
Surplus	31	30

Source: SWH Opposition to CON application #10484, Page 24

SWH concludes that the overstatement of bed need within CON application #10484 arises from overstated ALOS in the proposed project. The comparisons are included in the table which is included below:

Comparisons of Average Length of Stay (ALOS): PSA, Miami-Dade, and SE Florida Projected ALOS		
	18-64	65+
PSA Actual ALOS	4.8	5.2
Miami-Dade ALOS	5.3	6.3
SE Florida Projected ALOS	7.0	7.0

Source: SWH Opposition to CON application #10484, Page 24

In addition to the projected bed need for the proposed project, SWH evaluates the projected market share (77.3 percent) for the PSA identified within CON application #10484. The projected market share acquisition for CON application #10484 by the second year of operations is deemed gratuitous in light of the migration patterns of patients and market

CON Action Numbers: 10483 and 10484

shares of existing providers. SWH does not anticipate that the bed supply of the proposed project will support the market share projections and that in order to meet projections it is expected that SFBH will have to seek patients outside of its defined PSA accounting for 56 percent of SFBH patient pool by the second year of operation. Opposition indicates that these additional patients are expected to also reside in areas with sufficient bed inventory (central and northern Miami-Dade County). See the tables below.

Existing Provider Comparative Market Shares of Home Counties		
Hospital	Home Zip	% Market Share
Mercy Hospital	33133	42.6%
Larkin	33143	43.1%
Westchester	33155	20.6%
Kendall	33175	38.6%
Jackson-South	33176	39.9%

Source: SWH Opposition to CON application #10484, Page 25

SE Florida Utilization Projection with Reasonable Market Share		
	YE 6/2020	YE 6/2021
Service Area Discharges (1)	2,743	2,795
Reasonable Market Share	25%	40%
Projected PSA Discharges	686	1,118
15% In-Migration	36	59
Total Projected Discharges	722	7,177
ALOS (2)	5.44	5.44
Projected Patient Days	3,927	6,402
Projected ADC	10.76	17.54
Proposed Beds	80	80
Occupancy of 80 Beds	13.4%	21.9%

Source: SWH Opposition to CON application #10484, Page 25

Projected Patient Acquisition from In-migration to SE Florida PSA (SWH Analysis)		
	YE 6/2020	YE 6/2021
Applicant's Projected Cases	1,192	2,543
PSA Projected Cases at Reasonable Market Share	686	1,118
Patients Needed from SSA to Meet Projections	506	1,425
Percent In-migration from SSA	42.5%	56.0%

Source: SWH Opposition to CON application #10484, Page 26

Based on the provision of care and availability of Baker Act designated receiving facilities within District 11, SWH does not identify an absence of geographic access to care for involuntary patients. Southern Winds also notes that among Baker Act Receiving facilities reflected in the report, the two UHS facilities operated in Broward County provided less involuntary patient exams than SWH and seven other providers in Miami-Dade County.

CON Action Numbers: 10483 and 10484

In evaluation of market shares of existing providers in District 11, SWH projects that the proposed project will result in the reduction of market share of existing providers. SWH states that the adverse impact analysis included in the written statement of opposition includes: the PSA market share and impact and SSA/Miami-Dade County impact using SFBH’s assumption of market share in the PSA and in-migration. SWH states that existing providers are anticipating growth in utilization to ensure financial stability through investments in new services, enhanced facilities and population growth. SWH expects to lose 10 percent of patient volume (189 patients) and 26.8 percent of its contribution margin upon implementation of the proposed project. Tables depicting the loss of patients and financial impact are included below.

District 11 Adverse Impact Analysis – Southeast Florida Behavioral Health: Patient Loss					
Facility	PSA Market Share	PSA Gain (Lost) Cases	SSA Market Share	SSA Gain (Lost) Cases	Total Gain (Lost) Cases
SE Florida	77.3%	2,161	1.3%	382	2,543
Jackson	5.1%	(486)	10.0%	(39)	(525)
Palmetto	4.7%	(446)	5.6%	(22)	(467)
Larkin	3.5%	(333)	19.4%	(75)	(408)
North Shore	2.3%	(215)	10.2%	(39)	(255)
University of Miami	1.7%	(165)	6.1%	(23)	-189
Southern Winds	1.3%	(125)	9.0%	(35)	(160)
Jackson-South	0.8%	(78)	4.9%	(19)	(97)
Mt Sinai	0.7%	(71)	4.4%	(17)	(88)
Aventura	0.7%	(68)	4.7%	(18)	(86)
Mercy	0.5%	(45)	5.3%	(20)	(65)
Kendall	0.3%	(32)	9.7%	(37)	(69)
Westchester	0.1%	(9)	5.0%	(19)	(28)
All Other	0.9%	(88)	4.6%	(18)	(106)
Total	100.0%	-	100.0%	0	0

Source: SWH Opposition to CON application #10484, Page 31

CON Action Numbers: 10483 and 10484

SE Florida Projected Financial Impact on Southern Winds					
	Medicare/ Managed	Medicaid	Commercial/Other	Self-Pay/ Non-Pay	Total
SE Florida Payor Mix of Days	50.0%	20.0%	26.0%	4.0%	100.0%
Loss of Discharges	(600)	(240)	(312)	(48)	(1200)
Average Payment per Discharge	\$833.93	\$601.74	\$621.30	-	
Loss Net Revenue (Reimbursement)	-\$500,177	\$144,365	-\$193,775	-	-\$838,317
Savings per Patient Day				Per Day	
Ancillary				57.25	68,675
Dietary				31.69	38,014
Laundry				26,483	16,422
Total Lost Contribution Margin				13.69	-\$715,206
Annualized Net Income					\$2,665,322
Income After Loss					\$1,950,116
Percent Adverse Impact					-26.8%

Source: SWH Opposition to CON application #10484, Page 32

In addition to the analysis provided, SWH leverages CON application #10220, approved in the January 2014 batching cycle, as opposition against the proposed project. CON application #10220 was submitted by a UHS subsidiary, Palm Coast Behavioral Health, LLC. Intent to abandon CON application #10220 by the original termination date, March 28, 2016 was provided via written notice to the Agency on March 11, 2016.

SWH identifies the following reasons for which need is not demonstrated by CON application #10484, interpreted from Section 408.035 (1), Florida Statutes:

- There is no need for the project—there is a larger surplus of adult inpatient psychiatric beds in District 11 and need for the project is not otherwise established.
- The project does not increase availability, quality of care, accessibility, and reduces the extent of utilization of existing facilities--there are hundreds of unoccupied adult inpatient psychiatric beds available to meet the needs of the district. These beds are geographically dispersed and financially accessible.
- The project does not enhance accessibility—existing beds and services are already geographically and financially accessible. In fact, the project is less accessible than the average existing providers already provide in the district.
- The project is not the least costly alternative—the project is highly costly particularly when the proposed beds are not needed. The least costly alternative is to better utilize existing beds in their existing locations and add small numbers of incremental beds to existing providers as needed.

CON Action Numbers: 10483 and 10484

- The applicant's proposed provision of care to Medicaid and indigent is inadequate—the proposed project is less financially accessible to Medicaid and indigent patients than existing providers.

SWH identifies the following reasons for which need is not demonstrated by the proposed project, interpreted from Rule 59C-1.040, Florida Administrative Code:

- There are no “Not Normal Circumstances” documented by the applicant that warrant the approval of this project in the absence of need
- The fixed bed need pool shows a significant surplus of adult inpatient psychiatric beds in District 11
- The applicant does not meet any of the preferences for hospital inpatient psychiatric services
 - Projected Medicaid and charity care days do not appear to exceed the district average
 - It does not appear that the applicant proposes to serve the most seriously mentally ill patients
 - While Next Generation proposes to be designated as an involuntary receiving facility, the number of involuntary admissions is projected to be low based on UM's experience
- The project will not enhance geographic access

Stephen Menton, counsel from Rutledge-Ecena identified as the representative for Aventura Medical Center, Kendall Regional Medical Center and Mercy Hospital (existing providers in District 11) opposed to both CON application #10483 and CON application #10484. Mr. Menton reiterates the views of Southern Winds and insists that there is no need demonstrated in either CON proposal and an absence of need for an additional freestanding inpatient hospital within the Service District 11.

Dr. Andrew Gross, Director of Access and Response Center – HCA East Florida Area Division, spoke next noting that the addition of inpatient psychiatric facilities will contribute to fragmented care and dilute resources dedicated to psychiatric care. Dr. Gross expressed that other alternatives to improve patient care exist beyond the creation of a new psychiatric hospital or treating patients in inpatient facilities. Dr. Gross maintains that treating adult psychiatric patients in primarily inpatient settings contributes to inefficiency in care delivery processes which prevent patients from accessing adequate outpatient care. Dr. Gross states that behavioral health care must become more integrated through care-coordination, better payment mechanisms and effective population health management. Dr. Gross notes that an excess of patients are being readmitted to inpatient facilities and crisis stabilization units as a result of inadequacy in the funding, availability and intensity of outpatient care. Readmission rates and thus occupancy rates of adult

CON Action Numbers: 10483 and 10484

psychiatric patients are indicated to underscore the inadequacy of the outpatient setting and dearth of supportive resources like affordable housing options for financially-challenged adults burdened with psychiatric illness. He maintains that inpatient treatment is not always the necessary or preferred option for adult psychiatric patients in need of mental health services and emphasizes the importance of improved outpatient services and interventions and the availability of community health beds for those who may have co-morbid physical and psychiatric illness.

Dr. Gross maintains that three principle social and economic forces should inform psychiatric care: people should be treated in the least restrictive environment, costs should be controlled by managed care to ensure that cost-effective treatments prevail over those that are wasteful and ineffective and patient/family-centered care should be emphasized over those organized by providers and payers. He asserted that the addition of freestanding psychiatric beds will not help resolve the issues enumerated in his testimony.

Charles Nemeroff, MD, PhD¹, spoke in rebuttal indicating the historical record of UM's Department of Psychiatry among Florida in National Institutes of Health funding. Dr. Nemeroff states that the Department of Psychiatry is growing as a premier program in the country and describes how the addition of new faculty provides comprehensive expertise in psychiatry, including post-traumatic stress disorders. Despite national shortages of psychiatrists, Dr. Nemeroff states that the UM Department of Psychiatry has among the largest psychiatry residency training programs with 16 first-year residents each year and fellowships in all psychiatric subspecialties including: addiction, child psychiatry, and geriatrics. Dr. Nemeroff determines that UM's Department of Psychiatry provides psychiatrists for many areas across the State of Florida with marked shortages. Dr. Nemeroff cites a particular shortage of geriatric psychiatrists within the state of Florida and underscores the significance of UM's Geriatric Adult Medical Psychiatry Program and Center on Aging which treat psychiatric disorders, neuropsychiatric disorders, memory loss and other cognitive dysfunctions for persons 55+ years of age through a multidisciplinary approach. The interdisciplinary approach is stated to offer patients with access to unique treatments and the UM Department of Psychiatry is described as a leader in personalized medicine in psychiatry, which matches patients to their most optimal pharmacological or psychotherapeutic treatments.

¹ Professor and Chairman of the Department of Psychiatry and Behavioral Sciences, Chief of Psychiatry, University of Miami Hospital, Professor of Biochemistry and Molecular Biology, Clinical Director, Center on Aging, University of Miami: Miller School of Medicine

CON Action Numbers: 10483 and 10484

Dr. Nemeroff anticipates that relocation of the beds will: allow for the dispersion of services into a community-based setting, the support/advancement of behavioral health sciences, professional research and learning opportunities for students, fellows, psychiatrists, and allied health professionals while allowing for community/social engagement for patients.

Dr. Nemeroff anticipates that additional revenues from the project will benefit UM and allow for patients to remain as the leading priority for psychiatric and behavioral health services. Dr. Nemeroff also states that sustainable progress within psychiatric treatment requires a multi-level platform which includes: adequate space, accessible facilities, sufficient resources, a myriad of forms of patient support, collegial participation, open-mindedness, the ability to adapt to change and the ability to innovate in response to the challenges presented by mental health disorders. Dr. Nemeroff reiterates that the relocation of the existing beds will allow for better service and a targeted focus on psychiatric care while allowing for growth and innovation in psychiatric care.

Mr. Jared Abramson, Vice Chairman for Administration and Finance in the Department of Psychiatry and Behavioral Sciences at UM, spoke next. Mr. Abramson notes that the declining utilization trend at UM Hospital's current behavioral health program is a result of the reduction of the number of beds that are set up for behavioral health care. Abramson states that the program operates 50 of its 104 adult psychiatric beds, based on the utilization of the staffed beds the actual occupancy exceeds 90 percent. Mr. Abramson states that as a part of a large health system, UM Hospital faces constraints in space among various specialty departments. In particular, Mr. Abramson states that the current program operates on the ninth and tenth floors of a 12-story building in the center of downtown Miami and lacks green space, outdoor therapeutic programs or options for patients and families—limiting the program. In addition, Mr. Abramson states that the existing campus limits the development of a full continuum of care including residential care and PHP.

Mr. Abramson states that with the current campus, providers are limited to waiting for patients in distress who present at the emergency department. Mr. Abramson indicates that the proposed project will ideally offer community-based comprehensive behavioral health services that improve the detection and early diagnosis of preventable and avoidable acute episodes and provide patients with appropriate levels of care. Mr. Abramson determines that the proposed project is a cost-effective use of resources for the benefit of the community.

CON Action Numbers: 10483 and 10484

Mr. Michael Glazer, counsel with Ausley-McMullen and representative of SWH, states in rebuttal to CON application #10483, that research and teaching are not criteria subject to review in consideration of adult psychiatric hospitals. He maintained that the research and teaching benefits of the proposal cannot be considered in approval of the NGBH project and should not be considered a “not normal circumstance” sufficient to warrant approval of the project.

Ms. Leslie Veiga, a representative on behalf of Citrus Health Network a federally qualified health center and community mental health center based in Hialeah, spoke next. She indicated that Citrus Health Network operates a crisis stabilization unit for adults and children and is a designated Baker Act receiving facility. Ms. Veiga states that Citrus Health Network prioritize Medicaid and indigent patients and opposes both proposed proposals and echoes sentiments of previous speakers. Ms. Veiga reiterates that excess beds exist within District 11 noting that excess bed capacity exists in part due to shorter lengths of stay because of improvements in psychiatric medication. Ms. Veiga indicates that shifts in care-coordination and providing care in the least restrictive environment have also resulted in the reduced need for hospitalizations and readmissions.

Mr. Alan Koppers, Manager and Director of Utilization Management and Contracts for Banyan Health Center, a community center based in Miami-Dade County and Broward County, spoke as well. Mr. Koppers expresses Banyan Health Center’s opposition to both CON proposals as Banyan Health Center has committed financial resources to expand the availability of crisis stabilization unit beds as authorized by regulators. Koppers expresses concerns that the proposals would increase health costs for adult psychiatric patients for comparable services. Stacy Kilroy, a representative from Mount Sinai Medical Center, opposes both certificate of need applications in light of the existence of 15 adult psychiatric providers, low occupancy rates, the excess beds within District 11 and the geographic distribution of facilities within District 11.

Mr. Terry Rigsby, counsel with Pennington Law Firm and representative of CON application #10483, speaks favorably of the collaboration between the UM Hospital and AHC and the community benefit that would arise from approval of the proposed project.

Ms. Patti Greenberg, authorized representative of SFBH, spoke next in rebuttal discussing the absence of adult psychiatric beds within the geographically identified PSA provided in CON application #10484. Ms. Greenberg attests to the high occupancy of facilities in southern Miami-Dade as a resident and again notes the lower occupancy of facilities in northern and central Miami-Dade County. Ms. Greenberg

CON Action Numbers: 10483 and 10484

also references Dr. Gross' statements and notes that occupancy rates in certain areas of Miami-Dade County are high, which prevents patients from accessing timely care. Ms. Greenberg distinguishes freestanding adult psychiatric facilities which emphasize programmatic services and hospital-based psychiatric units which emphasize crisis stabilization.

Representatives for CON application #10483 present at the public hearing, underscored the proposal's provision of adult psychiatric care in a community-based setting through an interdisciplinary capacity served by the experience of AHC's historical experience in forming collaborative relationships for the provision of behavioral health services and UM's resources.

The representative present for CON application #10484 at the public hearing emphasized the proposal's intent to provide services to south Miami-Dade County, specifically within the geographic area defined by the applicant. The representative emphasized that hospital-based psychiatric services and freestanding adult psychiatric services are distinct.

Members of the public that presented opposition consisted of existing providers of adult psychiatric services within District 11 and crisis stabilization units that emphasized the following points: an abundance and excess of beds currently exist within Miami-Dade, psychiatric beds are geographically dispersed and financially accessible to residents of Miami-Dade and the addition of freestanding adult psychiatric beds will neither improve geographic access, improve quality, or financial access to residents of District 11.

Letters of Opposition

The following letters of opposition were submitted during the public hearing. Michael Glazer, authorized representative for SWH, submitted written statements from North Shore Medical Center, Hialeah Hospital, and Palmetto General Hospital all in opposition to both CON applications #10483 and #10484.

Palmetto General Hospital

A letter of opposition was submitted on behalf of Palmetto General Hospital from Ana Mederos, CEO of Palmetto General Hospital. Ms. Mederos describes Palmetto General Hospital as a 368-bed tertiary level acute care hospital with 48 adult psychiatric beds located in a separate building to allow for psychiatric services offered to operate like a freestanding psychiatric hospital with a full array of medical services to patients. Ms. Mederos indicates that the facility is divided into a 28-bed general adult psychiatric unit and a 20-bed geriatric unit. Ms. Mederos

notes that more than 90 percent of patients served are Baker Act patients with an estimated payor mix of 30 percent Medicaid/Medicaid HMO patients and 11.5 percent are self-pay/uninsured/charity patients. Ms. Mederos anticipates a negative impact from the proposed project and referencing an adverse impact from Hialeah Hospital admitting Baker Act patients. Ms. Mederos also anticipates that the addition of new facilities will dilute the provider workforce and patient population.

Hialeah Hospital

A letter of opposition was submitted on behalf of Hialeah Hospital from Ben A. Rodriguez, CEO of Hialeah Hospital. Mr. Rodriguez states, “We are not as concerned about the application by SFBH assuming that it will be located in the Homestead area, but in general, we don’t believe that there is a need for new inpatient psychiatric hospitals in Miami-Dade County.” Mr. Rodriguez states that since obtaining Baker Act designation in December 2016, Hialeah Hospital provides options for patients in need of Baker Act services. Mr. Rodriguez indicates that the average daily census of the 12-bed psychiatric unit is approximately eight patients with an ALOS of 3.5 to four days. He notes that 90 percent of patients admitted are through the Baker Act process and a number of which are reported to arrive through police transport or emergency medical services. Mr. Rodriguez states that the current payer mix of patients treated at Hialeah Hospital in 2017 thus far consists of 41 percent Medicaid/Medicaid HMO and 18 percent self-pay/non-pay. Mr. Rodriguez also notes that District 11 contains a large number of inpatient adult psychiatric hospitals in Miami-Dade County and 20 community mental health centers that care for patients targeted by the proposed projects. In direct reference to CON application #10483, Mr. Rodriguez states that the applicant specifies neither the location of where beds will be located nor conditions approval on the provision of Medicaid or charity care.

North Shore Medical Center

A letter of opposition was submitted on behalf of North Shore Medical Center from Mr. Manny Linares, CEO of North Shore Medical Center. Mr. Linares reiterates the letter submitted by Mr. Rodriguez in expressing “less of a concern about the proposed hospital to be located in the Homestead area or further south”. Mr. Linares notes that North Shore Medical Center contains 40 adult psychiatric beds that are divided into a 20-bed medical-psychiatric unit and a 20-bed general acute psychiatric unit. Mr. Linares states that the medical-psychiatric unit targets psychiatric patients who require medical supervision beyond that available at a freestanding psychiatric facility. The general acute psychiatric unit targets patients who lack medical issues and require inpatient psychiatric care. Mr. Linares states that most psychiatric patients are admitted through the Baker Act process which is

CON Action Numbers: 10483 and 10484

accompanied with an “intensive assessment”. Mr. Linares states that the current payer mix of patients treated at North Shore Medical Center in 2017 consists of an estimated 44.9 percent of Medicaid/Medicaid HMO and approximately 21.1 percent uninsured/charity care patients and less than one percent commercial insurance. Mr. Linares restates the concerns communicated in the letter of opposition submitted on behalf of Hialeah Hospital, in that the application for CON application #10483 neither specifies where beds will be located nor conditions CON application #10483 on the provision of Medicaid or charity care. Mr. Linares states that SFBH commits to provide a level of Medicaid HMO/charity care/self-pay, which is below the levels of care provided at North Shore Medical Center. Mr. Linares concludes that sufficient resources exist within the community to inpatient adult psychiatric needs and that outpatient (including PHP) advanced in the proposals do not require CON approval.

Public Hearing Documents-Supplemental Materials

Two articles submitted at the public hearing questioned quality issues at UHS facilities. SFBH is a subsidiary of UHS (CON application #10484).

One article titled “Locked on The Psych Ward” (Adams, 2016) describes purported perverse incentives in psychiatric care at UHS affiliated facilities, mainly through investigating the assertion that patients at UHS facilities were hospitalized for financial incentives (i.e. insurance reimbursement). Testimonials from staff, patients and Medicare billing code data are included in the article. A UHS statement referenced in the article, issued in response to an investigation of a Chicago-based UHS facility reiterates the provision of high quality services to patients, the prioritization of care decisions based on the best interest of patients and the complete rejection of any assertion that UHS held patients solely for financial gains.

An additional article titled “UHS Behind Closed Doors: The Hidden Harm of Maximizing Profits” is also included, which describes the federal investigation of UHS by the U.S. Department of Justice Criminal Fraud Section in order to determine whether or not the company fraudulently billed Medicare and Medicaid for behavioral health treatments. A description of a coordinated civil investigation conducted by federal authorities is noted, the investigation is indicated to focus on billings submitted to the government under the False Claims Act. Five Florida facilities are included among the facilities under investigation including: Central Florida Behavioral Hospital, National Deaf Academy, River Point Behavioral Health, University Behavioral Center and Wekiva Springs. A list of legal actions against UHS facilities and federal investigations of UHS facilities are recounted in the article from former patients and staff.

Letters of Support

Next Generation Behavioral Health, LLC (CON application #10483) included letters of support from investment firms, local residents, mental health advocacy groups, law firms, educational institutions, state judiciary and health providers. The letters express support of the proposed collaboration in anticipation of addressing psychiatric illness and substance abuse, personal experiences with mental health issues and treatment, the need for a comprehensive behavioral care center with inpatient and outpatient care, the need for a high continuum of care in psychiatric and substance abuse programs, and access to mental health treatment, for the purpose of improving disparities in access to care for psychiatric patients.

Letters of support are individually composed and noted from the following:

- Mary L. Demetree, Chairwoman, Demetree Global²
- John W. Kozyak, Chair, National Parkinson Foundation
- Steve Leifman, Associate Administrative Judge, 11th Judicial Court of Florida
- Robin Cole, President, National Alliance on Mental Illness (NAMI) – Miami – Dade
- Jeri B. Cohen, Circuit Judge, 11th Judicial Circuit of Florida
- Susan M. Racher, Vice President of NAMI Miami-Dade, Director – South Florida Behavioral Health Network
- Amy McClellan, Board Member, South Florida Behavioral Network
- Steven Altschuler, M.D, Senior Vice President for Health Affairs, Chief Executive Officer of UHealth

Steven Altschuler, M.D., submitted a letter of support for CON application #10483 at the public hearing in light of the need of space, patient needs, medical care involving specialists and subspecialists, and the education of future physicians. Dr. Altschuler states that the collaboration between Next Generation Behavioral Health, LLC and University of Miami Hospital will reduce the University of Miami's dependence on university funding and allow for growth outside of the constraints of the existing hospital. Dr. Altschuler anticipates that the proposed project will allow for a targeted focus on psychiatry, behavioral sciences, education and research opportunities for faculty and allied health professionals, and care within the local community.

Dr. Altschuler states that changes within the Medicaid Program allow for psychiatry programs to be located in hospitals or specialty hospitals.

² Member – University of Miami Miller School of Medicine Advisory Board – Department of Psychiatry and Behavioral Sciences

CON Action Numbers: 10483 and 10484

Dr. Altschuler determines that the proposed project will not result in an increase in beds or adverse impact on existing providers. Dr. Altschuler cites an outpatient residential treatment center as a benefit of the proposal. In general, Dr. Altschuler determines that the facility will serve as a benefit to the public overall.

Southeast Florida Behavioral Health, LLC (CON application #10484) included letters of support from health professionals and a local business endorsing support of the proposed project. Form letters are present among the letters of support. The letters reiterate that a behavioral health hospital in southern Dade County is needed in order to meet the growing demand for mental health and substance abuse care in the State of Florida. One letter of support from Miguel Abreu, President of LMA Security and Transportation and owner of a patient transportation company, notes an observed increase in patients from the southern Miami-Dade area seeking treatment in Broward County.

Support letters are noted from the following:

- Frank Baez, M.D.
- Kathrine Adams, D.O.
- Joseph Pino, M.D.
- Daniel Melman, M.D.
- Jasmith Pierre, ARNP
- Lisa Guertin, MS, RN, PMHNP-BC
- Miseline Fabre, MSN, FNP-C

C. PROJECT SUMMARY

Next Generation Behavioral Health, LLC (CON application #10483), also referenced as Next Generation or the applicant, is a newly formed entity. AHC is the corporate parent company of Next Generation Behavioral Health, LLC. The applicant identifies the proposed project as a collaboration between the UM and AHC for the purposes of providing adult inpatient psychiatric services in District 11 through the creation of a specialty hospital. The applicant states that the proposed project will result in the relocation of 104 licensed adult psychiatric beds from the UM Hospital to a site within Miami-Dade County that will also accommodate a behavioral health campus. The applicant includes plans for an 80-bed adult residential treatment facility and other behavioral health services.

CON Action Numbers: 10483 and 10484

AHC operates two adult psychiatric hospitals, North Tampa Behavioral Health and Park Royal Hospital, and one RTF in Marion County (Refuge, A Healing Place). UM currently operates a 560-bed acute care hospital with 104 adult psychiatric beds as well as operating Anne Bates Leach Eye Hospital and University of Miami Hospital and Clinics.

The proposed project involves a total project cost of \$48,167,585. The project will consist of 102,700 gross square feet (GSF) of new construction and a total construction cost of \$27,945,000.

The applicant includes the following Schedule C Condition:

- To move the 104 adult psychiatric beds currently operating at the University of Miami Hospital to the proposed behavioral health campus to be located in Miami-Dade County. The University of Miami Hospital has agreed to voluntarily delicense the 104 adult psychiatric beds once the project is approved and constructed.

The applicant includes a letter in Exhibit 1-2 of Schedule B of CON application #10483, signed by Steven M. Altschuler, Senior Vice President for Health & Affairs and Chief Executive Officer of UM Health System acknowledging the agreement to voluntarily delicense 104 adult inpatient beds from the UM Hospital for the applicant's proposed project. The reviewer notes that UM could add adult psychiatric beds to UM Hospital at any time after delicensing the above referenced agreement through exemption pursuant to 59C-1.005 (6)(i), Florida Administrative Code.

Southeast Florida Behavioral Health, LLC (CON application #10484) also referenced as SFBH or the applicant is a newly formed entity. Universal Health Services (UHS) is the parent company of Southeast Florida Behavioral Health, LLC.

The applicant describes the proposed project as an 80-bed Class III specialty hospital in southern Miami-Dade County that will primarily serve the residents of southern Miami-Dade County and northern Monroe County. The applicant intends to provide services to adults with a primary mental health diagnosis, a dual diagnosis, substance abuse, specialized behavioral health care and an adult/geriatric psychiatric program. The applicant anticipates that the project will fill a disparity in service for adult health services in southern Miami-Dade County and the absence of a non-acute care hospital-based psychiatric program in Miami-Dade County.

The applicant does not intend to include a residential program but will offer a partial hospitalization program and an array of outpatient services. The applicant intends to include a full continuum of care as

CON Action Numbers: 10483 and 10484

defined by the Institute of Medicine which includes: inpatient, residential, intermediate (partial hospitalization program), and outpatient services.

The parent company of the proposed project, UHS, LLC currently operates nine adult psychiatric hospitals in the State of Florida. These facilities are listed as follows:

- Atlantic Shores Hospital
- Central Florida Behavioral Hospital
- Emerald Coast Behavioral Hospital
- Fort Lauderdale Hospital
- River Point Behavioral Health
- The Vines Hospital
- University Behavioral Center
- Windmoor Healthcare of Clearwater
- Wekiva Springs Center

The applicant notes that Coral Shores Behavioral Health, a facility which will specialize in adult psychiatric care for seniors in Martin County is also under the ownership of UHS. Coral Shores Behavioral Health is currently scheduled to open in June 2017.

The proposed project involves a total project cost of \$27,169,951. The project will consist of 51,615 GSF of new construction and a total construction cost of \$16,516,146.

The applicant includes the following Schedule C Conditions:

- Southeast Florida Behavioral Health will become a designated Baker Act Receiving Facility upon licensure and certification
- Southeast Florida Behavioral Health will be located within the primary service area defined within this CON application
- Upon licensure and certification, Southeast Florida Behavioral Health will seek Joint Commission Accreditation
- The applicant will provide at least 20 percent of its total hospital patient days to a combination of Medicaid HMO/charity/self-pay payors by year two of operation and thereafter

Note: Section 408.043 (4) Florida Statutes, prohibits accreditation by any private organization as a requirement of the issuance or maintenance of a certificate of need, so Joint Commission accreditation will not be cited as a condition to approval. Should the project(s) be approved, the applicant's proposed conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3), Florida Administrative Code.

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes; and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by evaluating the responses and data provided in the application, and independent information gathered by the reviewer.

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

Rule 59C-1.010(3)(b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the Applicant.

As part of the fact-finding, the consultant, Bianca Eugene analyzed the application in its entirety with consultation from the financial analyst, Brian Shoemaker of the Bureau of Central Services, who evaluated the financial data and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

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

CON Action Numbers: 10483 and 10484

In Volume 43, Number 13, dated January 20, 2017 of the Florida Administrative Register, a fixed need pool of zero beds was published for adult inpatient psychiatric beds in District 11 for the July 2022 planning horizon.

From July 2015 through June 2016, there were 799 adult inpatient psychiatric beds in District 11 with an occupancy rate of 62.82 percent for the 12-month period ending on June 30, 2016.

There are 15 facilities in District 11 with licensed adult psychiatric beds the table below includes these facilities in addition to corresponding bed counts and adult occupancy rates.

**District 11
Adult Inpatient Psychiatric Utilization
12 Months Ending June 30, 2016**

Facility	Service Class	# Adult Beds	Adult Occupancy
Aventura Hospital & Medical Center	Class I Hospital	56	84.33%
Depoo Hospital	Class I Hospital - Rural	25	41.27%
Hialeah Hospital	Class I Hospital	12	0.00%
Jackson Memorial Hospital	Class I Hospital	180	63.88%
Jackson North Medical Center	Class I Hospital	35	0.00%
Jackson South Community Hospital	Class I Hospital	28	84.07%
Kendall Regional Medical Center	Class I Hospital	23	90.91%
Larkin Community Hospital	Class I Hospital	46	83.58%
Mercy Hospital A Campus Plantation General Hospital	Class I Hospital	32	80.02%
Mount Sinai Medical Center	Class I Hospital	89	46.59%
North Shore Medical Center	Class I Hospital	40	70.74%
Palmetto General Hospital	Class I Hospital	48	72.32%
Southern Winds Hospital	Class III Hospital	54	66.78%
University of Miami Hospital	Class I Hospital	104	56.89%
Westchester General Hospital	Class I Hospital	27	85.21%
District 11 Total		799	62.82%

Source: Florida Hospital Bed Need Projections and Service Utilizations by District, January 2017 Batching Cycle.

The chart below contains the population estimates for the total adult population (age 18+) in District 11 (Miami-Dade and Monroe Counties) for January 2017 and the July 2022 planning horizon.

CON Action Numbers: 10483 and 10484

District 11 Population Aged 18 and Over January 2017 - July 2022 Planning Horizon			
County	Population Aged 18 and Over January 2017	Population Aged 18 and Over July 2022	Percent Change
Miami-Dade	2,119,830	2,266,000	6.90%
Monroe	62,236	61,954	-0.45%
Subdistrict Total	2,182,066	2,327,954	6.69%
State Total	16,070,496	17,354,472	7.99%

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

b. “Not Normal” Circumstances.

Next Generation Behavioral Health, LLC (CON application #10483)

identifies the project as a collaboration between UM and AHC which will relocate the 104 adult psychiatric beds located at UM Hospital from an urban core to a new building on a larger site that will offer an RTF with a continuum of care for adults who require residential supervision during the post-hospital period. The applicant maintains that Rule 59C-1.040 Florida Administrative Code, does not include a condition for which existing licensed adult psychiatric beds seek to move from an acute care hospital to a community location. ³

The Collaboration⁴

The applicant identifies the Miller School of Medicine’s Center on Aging (The Center) as a critical aspect of the proposed project and describes The Center’s use of resources to provide services and programming to older adults in community and clinical settings in order to advance knowledge about aging for the purposes of improving the quality of life of older adults through research, education and services. The applicant specifically notes the Center’s Memory Disorders Clinic innovates neuropsychiatric diagnostic tests and diagnoses neurodegenerative disorders. The applicant also discusses The Center’s Geriatric Adult Medical Psychiatry Program which:

- Provides education to psychiatrists, geriatricians, neurologists, and other health professionals
- Implements an interdisciplinary approach to treat mental health disorders in persons 55+ through the use of diversity and sensitivity for a range of ethnicities and comorbid medical conditions

³ The reviewer notes that University of Miami Hospital as the licensee of the 104 beds could also apply for a replacement facility pursuant to Rule 59C-1.004(1)(b) Florida Administrative Code.

⁴ Subheadings appear as provided in the CON application

CON Action Numbers: 10483 and 10484

The applicant describes AHC's health network, which consists of 568 behavioral health care facilities in 39 states, along with AHC's historical experience and capacity to provide behavioral health and addiction services, operate inpatient psychiatric hospitals, residential treatment centers, outpatient clinics and therapeutic school-based programs. The applicant also cites the expertise of AHC in providing community-based services for the 80-bed proposed RTF. The reviewer notes that a CON is not required for RTFs.

The applicant states that the resources and expertise that exist between The Center at UM and AHC are joint benefits that will be implemented in the provision of psychiatric services through the proposed project. The applicant includes a summary of the Mission and Vision of Next Generation Behavioral Health, LLC on pages 1-3 through 1-4 of CON application #10483. The applicant intends for the project to reflect a commitment to further the advocacy and treatment of psychiatric disorders and an opportunity to provide a community-based setting for clinical practice, education, research and applied research to enrich the field.

Response to the Fixed Need Pool

The applicant notes that due to the absence of published need for additional psychiatric beds in District 11 the proposed project is not submitted in response to need. Based on the estimated (-293) adult psychiatric beds, the applicant anticipates that the targeted service area (District 11) cannot support additional capacity without creating adverse impact on existing providers. The applicant further advances that the calculated beds and fixed need pool only take into account the number of beds that will comprise a new hospital and not bed additions to existing psychiatric programs that can be added through exemption pursuant to Section 408.036 (3)(o), Florida Statutes.

The applicant includes a letter in Exhibit 1-2 of Schedule B of CON application #10483, signed by Steven M. Altschuler, Senior Vice President for Health and Affairs and Chief Executive Officer of UM Health System acknowledging the agreement to voluntarily delicense 104 adult inpatient beds from the University of Miami Hospital for the applicant's proposed project. The reviewer notes that University of Miami could add adult psychiatric beds to University of Miami Hospital at any time after delicensing the above referenced agreement through exemption pursuant to 59C-1.005 (6)(i), Florida Administrative Code.

Factors Underlying the Project

The applicant attributes need to the following factors and anticipates that the proposed project will remedy the following circumstances:

- Reduce the concentration of adult psychiatric beds in Zip Code 33136 and surrounding ones
- Disperse resources within communities that foster opportunities for receiving care, promoting education and implementing evidence-based services
- Remove locational impediments to program expansions
- Create a living laboratory that links research to an applied setting with the result of expanding evidence-based treatment protocols
- Enhance educational and research opportunities from an institutional base to include wider community partnerships
- Expand community-based options for long-term support for adults with psychiatric disorders

The applicant states that the relocation of 104 licensed adult psychiatric beds from UM Hospital will result in dispersion that reduces the dense concentration of licensed adult psychiatric beds within Zip Code 33136. The applicant notes the proximity of UM Hospital to Jackson Memorial Hospital and that as a result the existing licensed adult psychiatric bed complement (284) concentrates adult psychiatric beds within an urban core that are not accessible to the residential or suburban area population. The applicant maintains that this restricts the capacity for expansion to a continuum of home and community-based services. The applicant also notes that there are four additional hospitals with adult psychiatric beds within a five-mile radius of Zip Code 33136, accounting for 457 adult psychiatric beds.

The applicant provides an analysis which compares the population of adults aged 18+ within various proximities of facilities with licensed adult psychiatric beds and corresponding predicted bed to population rates. Based on this analysis, the applicant determines that the existing bed to population ratio for adult psychiatric beds per 10,000 population is higher within Zip Code 33136 and surrounding Zip Codes than in the comparative areas of Miami-Dade County, Florida, and surrounding Zip Codes. The applicant determines that Zip Codes 33125, 33142, 33127, 33128, and 33132 do not contain adult psychiatric beds though these zip codes reside within the five-mile radius of Zip Code 33136. The reviewer notes that the applicant previously stated that there are four additional hospitals with adult psychiatric beds within a five-mile radius of Zip Code 33136, accounting for 457 adult psychiatric beds.

The effect of population growth on service expansion is also presented in the applicant's analysis of need for the proposed project. The applicant contends that while population growth precipitates increases in hospital

CON Action Numbers: 10483 and 10484

bed supply in one area, commensurate reductions in bed supplies in other areas do not occur. Overall, the applicant determines that variations in bed to population ratios reflect directions in development and predicts that population growth coincides with bed additions and losses. The applicant provides a table summarizing changes in population growth within District 11 on page 1-10 of CON application #10483; the table demonstrates a net increase of 151,556 adults aged 18+ from July 2000 through July 2016.

The applicant also provides a table documenting changes in the supply of adult psychiatric beds from July 2000 to July 2016 which depicts an increase in the total number of licensed adult psychiatric beds and a decline in occupancy within District 11 (CON application #10483, Need Analysis, Page 1-11). In this analysis, the applicant notes that between the two fiscal years considered July 2000 through June 2001 and July 2015 through June 2016, changes in prospective payment, an increase in the use of outpatient services, the addition of medical treatments and pharmacological additions resulted in declines in utilization of inpatient services within District 11.

Overall, the applicant notes a downward trend in demand for institutional bed supply/use and an upwards supply trend. Within District 11 the applicant notes a change from 969 days per 10,000 adults to 591 days per 10,000 adults and a change in occupancy from 72 percent to 63 percent from July 2000 through June 2001 to July 2015 – June 2016. The applicant includes a table summarizing changes in the bed inventory at facilities with licensed adult psychiatric beds in District 11 which is reproduced below.

CON Action Numbers: 10483 and 10484

Adult Psychiatric Bed Changes: District 11					
July 2000 - June 2001		July 2015 - June 2016			
Hospital	Beds	Hospitals	Beds	Change in Beds	Zip Code
Palmetto General	32	Palmetto General	48	16	33016
Aventura	32	Aventura	56	24	33180
Cedars Medical	80	University of Miami	104	24	33136
Jackson South	19	Jackson South	28	9	33157
Jackson Memorial	180	Jackson Memorial	180	0	33136
Larkin Community	22	Larkin Community	46	24	33143
Mercy	30	Mercy	32	2	33133
Mt. Sinai/Heart Inst.				0	
Mt. Sinai	70	Mt. Sinai	89	19	33140
North Shore	40	North Shore	40	0	33150
Southern Winds	60	Southern Winds	54	-6	33012
Parkway Regional	35	Jackson North	35	0	33169
Westchester	27	Westchester	27	0	33155
Windmoor	74	Windmoor	0	-74	33125
South Shore	45	South Shore	0	-45	33012
Lower Keys	15	DePoo Keys	25	10	33040
		Kendall Regional	23	23	
		Hialeah Hospital	12	12	
Total	761	Total	799	38	
State	3,441	State	4,064	623	

Source: CON application #10483, Page 1-12

In analysis of the bed inventory of District 11 from July 2000 through June 2001 and July 2015 through June 2016 the applicant determines that the supply of adult psychiatric beds experienced a net increase of 38 beds.

The applicant provides a map depicting the geographic location of bed additions and losses within the subdistrict on page 1-13 of CON application #10483 and provides a separate analysis of bed additions and losses by Zip Code within the subdistrict with changes in the adult population aged 18+ from 2010 to 2016 on page 1-14 of CON application #10483.

Based on this analysis, the applicant determines that the location of the supply is static in relation to population increases and concludes that populations in Zip Codes with unchanged bed supply grew less than populations in Zip Codes which increased their bed supply. The tables summarizing these findings are included below.

CON Action Numbers: 10483 and 10484

Adult Population and Psychiatric Bed Changes for Selected Zip Codes				
Zip Code of Bed Supply	Psychiatric Bed Supply	2010 Population, Age 18+	2016 Population, Age 18+	Compound Annual Growth Rate (CAGR)
33012	Lose	55,083	61,920	2.0%
33013	Add	25,628	28,969	2.1%
33016	Add	36,286	39,393	1.4%
33125	Lose	42,735	45,504	1.1%
33133	Add	26,683	27,304	0.4%
33136	Add	10,311	11,246	1.5%
33139	Lose	33,940	38,041	1.9%
33140	Add	15,656	18,874	3.2%
33143	Add	22,830	26,892	2.8%
33150	Same	19,021	21,635	2.2%
33155	Same	35,815	37,627	0.8%
33157	Add	47,724	51,710	1.3%
33169	Same	27,661	31,322	2.1%
33175	Add	45,029	46,919	0.7%
33180	Add	22,190	29,603	4.9%
Subtotal		466,592	516,959	1.7%
Miami-Dade		1,908,862	2,147,770	2.0%
Florida		14,762,688	16,171,743	1.5%

Source: CON application #10483, Page 1-14

Summary of Adult Population and Psychiatric Bed Changes for Selected Zip Codes			
Changes in Number of Beds	2010 Population, Age 18+	2016 Population, Age 18+	Compound Annual Growth Rate (CAGR)
Added	252,337	280,910	1.8%
Lost	131,758	145,465	1.7%
Same	82,497	90,584	1.6%
Total	466,592	516,959	1.7%

Source: CON application #10483, Page 1-15

The applicant states that the collaboration between AHC and UM will enhance psychiatric services throughout the targeted service area. The applicant additionally states that the contribution of 104 adult psychiatric beds from UM will facilitate the process of establishing a

CON Action Numbers: 10483 and 10484

specialty hospital that will decompress the acute care hospital campus and reduce the concentration of adult psychiatric beds in Zip Code 33136. The applicant also anticipates that the partnership with UM will provide a robust program of treatment, education and research and notes that UM is accredited by The Joint Commission.

The applicant summarizes the following factors contributing to need for the proposed project which indicates:

- Population growth occurs in Miami-Dade County with respect to adults.
- The institutional locale fixes the adult psychiatric bed supply at existing hospital locations.
- At the present time, only one specialty psychiatric hospital exists, Southern Winds. The remaining bed supply belongs within acute care hospitals.
- Any dispersion or new location for adult psychiatric beds come from an existing provider's willingness to relocate all or a portion of its licensed bed complement.

Features of the Proposal

The applicant reiterates that the collaboration between AHC and UM Hospital will provide residents of District 11 with an expansion of mental health services that results from shifting the geographic supply of adult psychiatric beds. The applicant also restates the intent to include an 80-bed RTF on the campus of the proposed project which will provide a continuum for inpatient, outpatient and long-term follow-up of patients.

The applicant states that the proposed facility will target the provision of services through psychiatric care and avoid the dispersion of psychiatric services that exists within other service lines of acute care hospitals. The applicant states the proposed project will maintain the education and research mission of UM while providing a "living laboratory" that also provides onsite acute hospital care, a partial hospitalization program, outpatient services, residential treatment, physician services, community-based care, student and practitioner opportunities and innovation in evidence-based methods of care.

The applicant reiterates that the location of the proposed project will allow for a continuum of care within the community and community partnerships. Excerpts from letters of support are included from community members endorsing the proposed project on pages 1-16 through 1-17 of CON application #10483.

CON Action Numbers: 10483 and 10484

Current Profile of the Adult Psychiatric Utilization in the District

The applicant provides an analysis of adult psychiatric utilization within the district by diagnosis related groups (DRGs) from July 2015 – June 2016 and notes the distribution of care provided in hospitals with and without licensed adult psychiatric beds.

The applicant notes that within District 11 a higher proportion of hospitalized adults fall within the DRG 885 Psychoses category than in the state and a smaller proportion of adults within the DRG 881 Depressive Neuroses category than in the state, the incidence rate for hospitalization in District 11 is higher (12.60 per 1,000) than the statewide proportion (9.98 per 1,000 adults) for hospital-based psychiatric services and that District 11 has a higher adult psychiatric bed supply than the state per 100,000 (36 beds per 100,000 in District 11, 26 beds per 100,000 Florida). The table summarizing the comparison of adult psychiatric cases between District 11 and the state is included below:

Adult Psychiatric Cases: District 11 and Florida Cases from July 2015 - June 2016					
DRG	Disorder	District 11		State	
		Cases	Percent	Cases	Percent
DRG 876 Cases	O.R. Procedure, Surgical	53	0.2%	273	0.2%
DRG 880 Cases	Adjustment Reaction	306	1.1%	3,890	2.4%
DRG 881 Cases	Depressive Neuroses	1,710	6.1%	15,345	9.5%
DRG 882 Cases	Other Neuroses	182	0.7%	4,775	3.0%
DRG 883 Cases	Personality/Impulse	71	0.3%	698	0.4%
DRG 884 Cases	Organic and M. Retardation	452	1.6%	5,312	3.3%
DRG 885 Cases	Psychoses	25,056	89.8%	130,649	80.8%
DRG 886 Cases	Behavioral & Developmental	45	0.2%	545	0.3%
DRG 887 Cases	Other Mental Diagnoses	19	0.1%	161	0.1%
Total		27,894	100.0%	161,648	100.0%

Source: CON application #10483, Page 1-18. The applicant cites: *AHCA Hospital Discharge Data* file, July 1, 2015 to June 30, 2016. Data above include 223 patients who reside in the district that received care at hospitals without licensed adult psychiatric beds, two of which appear in the information for Miami Children's Hospital.

Furthermore, in an analysis of adult psychiatric bed utilization by DRG at District 11 hospitals from July 2015 through June 2016, the applicant reports that UM Hospital assumes the fifth largest market share (9.5 percent) and an average length of stay (ALOS) of 5.1 days. The applicant notes that the ALOS is below the average market share for this period. The table summarizing the utilization and market share of existing providers with licensed adult psychiatric beds is included below:

CON Action Numbers: 10483 and 10484

District 11 Adult Psychiatric Bed Utilization and Hospital Market Share			
D11 Hospitals with Licensed Adult Psychiatric Beds	Cases	Market Share	ALOS
Jackson Memorial Hospital	5,629	20.3%	6.4
Palmetto General Hospital	2,942	10.6%	3.7
Larkin Community Hospital	2,881	10.4%	4.6
North Shore Medical Center	2,803	10.1%	3.3
University of Miami Hospital	2,625	9.5%	5.1
Southern Winds	1,757	6.3%	6
Jackson South Community Hospital	1,621	5.9%	5
Mount Sinai Medical Center	1,530	5.5%	7.3
Aventura Hospital and Medical Center	1,448	5.2%	6.2
Mercy Hospital	1,422	5.1%	5.4
Kendall Regional Medical Center	1,377	5.0%	4.9
Westchester General Hospital	1,264	4.6%	6.2
Depoo Hospital	321	1.2%	5.8
Hialeah Hospital	42	2.0%	3.5
Jackson North Medical Center	9	0.0%	20
Total	27,671	100.0%	5.3

Source: CON application #10483, Page 1-19.

The applicant anticipates that the proposed project will result in an increased capacity to retain patients who out-migrate for care. The applicant included a table which is reproduced below illustrating the number of adults aged 18+ who migrated within and outside of the district for psychiatric services.

CON Action Numbers: 10483 and 10484

Adult (18+) Psychiatric Patient Migration Pattern Index		
Health Planning District	Patient District 11 Out Migration	Patient District In-Migration
1	3	11
2	5	8
3	23	28
4	17	30
5	14	22
6	23	45
7	52	55
8	171	65
9	74	122
10	707	1,333
Total	1,089	1,719
Out of State		3,669
Within D11		27,671
In-Migration		5,388
Out-Migration		1,089
Grand Total D11 Cases		34,148
Net Served within D11		33,059
Percent Out-Migrated		3.2%

Source: CON application #10483, Page 1-20. The applicant cites: AHCA Hospital Discharge Data file, July 1, 2015 to June 30, 2016. The numbers above do not include the 221 residents from District 11 that received care from area hospitals without licensed acute adult psychiatric beds. These numbers also exclude two cases of adults treated at Miami Children’s Hospital for psychiatric disorders.

Current Profile of University of Miami Hospital

In analysis of the geographic distribution of adult psychiatric utilization at UM Hospital the applicant finds that 80 percent of adults treated at UM Hospital from July 2015 through June 2016 were from District 11, five percent of patients were from the other 10 service districts and 15 percent of patients from out-of-state or out-of-country.

The applicant underscores UM’s capacity to treat those with the most serious illnesses requiring inpatient care and provides a summary of the cases treated at the adult psychiatric program by DRG. The applicant notes that persons with psychoses and depressive neuroses comprise the majority of inpatients treated at UM Hospital. Overall, the applicant discusses the comparable provision of services by DRG within District 11 and UM Hospital and notes the larger provision of care to patients with

CON Action Numbers: 10483 and 10484

psychoses within the subdistrict than other subdistricts. The applicant provides a table summarizing the provision of care by DRG within UM Hospital, District 11 and the state which is reproduced below:

Adult Cases by Diagnosis-Related Groups (DRGs) served by: University of Miami Hospital, District 11 Psychiatric Programs, and the State						
Psychiatric DRG	University of Miami Hospital		District 11 Programs		State	
	Cases	Percent	Cases	Percent	Cases	Percent
DRG 876	33	1.0%	87	0.3%	273	0.2%
DRG 880	21	0.6%	309	0.9%	3,890	2.4%
DRG 881	205	6.2%	2,051	6.20%	15,345	9.5%
DRG 882	13	0.4%	223	0.7%	4,775	3.0%
DRG 883	3	0.1%	89	0.3%	698	0.4%
DRG 884	21	0.6%	407	1.2%	5,312	3.3%
DRG 885	2,988	90.8%	29,830	90.2%	130,469	80.8%
DRG 886	3	0.1%	53	0.2%	545	0.3%
DRG 887	2	0.1%	10	0.0%	161	0.1%
Total	3,289	100.0%	33,059	100.0%	161,468	100.0%

Source: CON application #10483, Page 1-22. The applicant cites: AHCA Hospital Discharge Data file, July 1, 2015 to June 30, 2016. The cases include all adult patients treated at licensed psychiatric programs regardless of patient origin

The applicant contextualizes the health care use of patients with schizophrenia, the mental health needs of the elderly and the resources and commitment UM Hospital possesses to provide in the intended expansion of care to mental health patients.

Forecast of Demand

The applicant includes the following table depicting forecasted demand for the proposed project.

Baseline and Future Forecast: Next Generation Behavioral Health, LLC				
Baseline in District 11, July 1, 2015 to June 30, 2016				
County	Adult 18+ Population 2016	MDC 19 Patient Cases	MDC Use Rate/1,000	MDC 19 Patient Days
Miami - Dade	2,147,770	27,495	12.8	158,084
Monroe	66,028	399	6.04	3,204
Total	2,213,798	27,894	12.6	161,288
Year 1 Forecast for District 11, 2021				
County	Adult 18+ Population 2021	MDC 19 Patient Cases	Average Length of Stay (ALOS)	MDC 19 Patient Days 2021
Miami - Dade	2,294,916	29,379	5.8	166,915
Monroe	69,343	419	8.0	3,365
Total	2,364,259	29,798	5.8	170,280

Source: CON application #10483, Page 1-23.

CON Action Numbers: 10483 and 10484

The applicant also uses the forecasted demand to generate a forecast of cases and inpatient days for the first two years of operation which is reproduced below. The applicant anticipates that the forecast for out-of-state patients will remain constant as a result of limited information to provide a projection and includes an additional forecast of cases and inpatient days for the proposed adult psychiatric program in years one and two.

Next Generation Behavioral Health, LLC: Proposed Forecast Years One and Two		
Factor	Year One: CY 2021	Year Two: CY 2022
Adult Demand	29,790	30,183
Program Market Share	12.0%	16.0%
Cases from district	3,575	4,829
In-Migration Rate	5.0%	5.0%
Cases In-migration	215	281
Out of State	499	499
Total Cases	4,289	5,609
ALOS	5.1	5.1
Patient Days	21,873	28,605
ADC	60	78
Occupancy	57.5%	75.4%

Source: CON application #10483, Page 1-24.

A forecasted market share analysis is included for the proposed project, the applicant determines that placing an emphasis on acute care expansions resulted in the need to reallocate physical plant spaces at UM and reduced the capacity of the psychiatric program which resulted in a reduction in the market share.

The applicant includes a summary of historical market share changes at UM for selected periods on page 1-25 of CON application #10483. The table is reproduced below:

University of Miami's Adult Psychiatric Program District 11 Adult Resident Market Share				
Annual Period	Market Size	Number of Cases	ALOS	Market Share
CY 2012	26,789	4,256	5.4	15.9%
CY 2013	25,803	3,429	5.0	13.3%
July 2013 - June 2014	27,272	3,391	5.0	12.4%
CY 2014	27,913	3,191	4.8	11.4%
CY 2015	27,992	2,789	4.8	10.0%
July 2015 - June 2016	27,892	2,625	5.1	9.4%

Source: CON application #10483, Page 1-25

The applicant anticipates that the collaboration between UM and AHC will allow for a concentrated focus on the psychiatric program, expand resources, allow for a community-based setting, outpatient programs, partial hospitalization programs and an RTF on a behavioral health campus as proposed in CON application #10483.

Adverse Impact on Existing Programs

The applicant expects that the proposed project will allow for growth while eliminating competing priorities that arise within an acute care setting. The applicant expects that the caseload for the psychiatric program will increase, while a historical decline in market share reflects a contraction of the psychiatric program due to an increased demand for acute care services. The applicant does not anticipate that the proposed project will result in adverse impact on existing providers including those without licensed adult psychiatric beds. The applicant uses baseline market shares and caseloads from July 2015 through June 2016 to depict forecasted caseloads for hospitals with and without licensed psychiatric beds for CY 2021 and CY 2022 on pages 1-27 through 1-28 of CON application #10483.

Southeast Florida Behavioral Health, LLC (CON application #10484) identifies an absence of psychiatric beds in southern Miami-Dade County, specifically in the form of a freestanding behavioral health hospital resulting in suppressed demand for adult psychiatric services.

The applicant cites the historical experience of its parent company, UHS, in providing mental health treatment, developing a full continuum of services at its facilities, providing proper patient placement and facilitating positive patient outcomes. The applicant identifies need for a comprehensive continuum (i.e. inpatient, partial hospitalization, and outpatient services) of adult mental health services in southern Miami-Dade and northern Monroe Counties and maintains that UHS is the leading provider of behavioral health care in the State of Florida and south Florida.

The proposed project will include 80 adult inpatient psychiatric beds, older adult/geriatric psychiatry, dual diagnosis, general behavioral health, a comprehensive outpatient component with a partial hospitalization program and outpatient therapy. The applicant expects the inpatient program, partial hospitalization program and outpatient therapy to fill a gap in service for adult inpatient behavioral health programming among adult residents of southern Miami-Dade County and northern Monroe County as a unique comprehensive behavioral health service provider. The applicant states that the proposed adult

behavioral hospital is a needed resource and anticipates that benefits will be conferred to the project as a result of the existing resources of the parent company's facilities in neighboring Broward County.

Service Area

The applicant states that the primary service area (PSA) of its proposed project includes: southern Miami-Dade County, Homestead, the Redlands, Cutler Bay, Florida City, other unincorporated areas of Miami-Dade County, the Upper Florida Keys, Tavernier, Key Largo and Islamorada. The applicant's secondary service area (SSA) includes the remainder of District 11.

The applicant intends to locate the proposed facility in Southern Miami-Dade County and notes that there are "no like or existing behavioral health inpatient providers" in southern Miami-Dade County or northern Monroe County. The applicant states that there is a sole freestanding psychiatric hospital in the northwest region of Miami-Dade County. The applicant notes that 97 percent of the district population resides in Miami-Dade and that 20 percent of the district population is aged 65+. The applicant characterizes north, central and east Miami-Dade as heavily urbanized with southern Miami-Dade County described as unincorporated, particularly south of SW 152nd Avenue. The applicant notes that the sole facility in Monroe County with behavioral health beds is furthest south from the north of the island (~90 minutes) presenting geographic constraints on access.

The applicant notes that during the second year of operations, the population of District 11 will increase by 4.2 percent with the population of the PSA projected to increase by 6.2 percent with two-thirds of growth occurring in the adult population aged 18 – 64 (CON application #10484, Page 13). A table summarizing changes in the forecasted service area population by age and Zip Code is included below.

CON Action Numbers: 10483 and 10484

SFBH Service Area Population Growth 2017 - 2022			
Zip Code	Ages 18-64	Ages 65+	Ages 18+
33030 Homestead	2.9%	13.9%	4.2%
33031 Homestead	1.8%	15.0%	4.7%
33032 Homestead	6.3%	21.6%	7.9%
33033 Homestead	5.8%	13.6%	6.7%
33034 Homestead	5.3%	14.5%	6.5%
33035 Homestead	7.1%	15.7%	8.1%
33039 Homestead	2.4%	100.0%	5.2%
33170 Miami	5.6%	13.7%	6.9%
33189 Miami	4.2%	12.0%	5.5%
33190 Miami	6.5%	18.4%	7.7%
33036 Islamorada	-1.1%	8.1%	2.1%
33037 Key Largo	0.2%	11.2%	3.7%
33070 Tavernier	0.9%	11.5%	3.8%
PSA Total	4.8%	14.2%	6.2%
SSA Total - Remainder of D11	2.5%	10.1%	4.0%
Total District 11	2.7%	10.3%	4.2%

Source: CON application #10484, page 15. Claritas, Inc. and NHA Analysis

The reviewer notes that the percentage of adults aged 18+ within the applicant’s self-identified service area (193,287) consists of 8.58 percent of the adult population within District 11 (CON application #10484, Page 13).

The applicant states that though Southern Winds is the only freestanding behavioral health hospital within District 11, the PSA defined in CON application #10484 lacks licensed adult psychiatric beds. The applicant states that the other 14 adult psychiatric providers are north of the defined PSA of the proposed project, one hospital-based unit is located in Key West, Florida, and the closest hospital based psychiatric unit at Jackson South Community Hospital exceeded 84 percent occupancy and is consequently incapable of meeting the demand identified in CON application #10484. Maps of the geographic distribution of adult psychiatric beds are included on pages 16 – 17 of CON application #10484.

Not Normal Circumstances

The applicant states that residents of the targeted service area access hospital beds at a disproportionately lower rate than residents in surrounding areas as a result of the geographic distribution of the licensed adult psychiatric bed supply. The applicant specifically states that there are zero beds in the SFBH service area and within the 140 miles from Palmetto Bay to Marathon in the upper Florida Keys within Monroe County.

The applicant notes that despite barriers to access, service area residents out-migrate out of the applicant's identified service area within Miami-based hospital units and notes that since June 30, 2014 there has been a 38 percent growth in service area discharges from psychiatric hospitals, representing approximately 50 percent of all new psychiatric discharges within District 11. Despite this growth, the applicant maintains that suppressed discharge use rates indicate that residents of the service area are not utilizing adult inpatient psychiatric services. The applicant states that residents of the applicant's targeted service area frequently migrate to five hospitals in southern Miami-Dade County and that travel to southern Miami-Dade County is estimated to exceed an hour in travel time.

The applicant notes that occupancy of these facilities ranges between 80 to 91 percent (84.3 percent) exceeding the 75 percent desired average occupancy for hospital inpatient psychiatric beds for adults, pursuant to Rule 59C-1.040(4)(c), Florida Administrative Code. The applicant notes that adult psychiatric providers north of Flagler Street function at 58.2 percent which contributes to lowering the District 11 average to 62.8 or 63.5 percent in Miami-Dade County. The applicant determines that the disparity in use between hospitals north and south of Flagler Street is due to the geographic distribution of beds being situated mainly in northern Miami-Dade masking the need for beds in southern Miami-Dade County.

The applicant states that due to the dearth of beds within the identified PSA, residents are treated in emergency rooms or nearby acute care hospitals for mental illness and not a hospital with psychiatric beds. The applicant also states that the seven licensed partial hospitalization programs are not located south of Sunset Drive/SW 72nd Avenue.

The applicant states that within the targeted service area for the proposed project many residents with mental health diagnoses are treated in the emergency department (e.g. mainly Homestead Hospital and Mariners Hospital) and are subsequently discharged without formal

CON Action Numbers: 10483 and 10484

inpatient treatment or to a psychiatric provider for crisis stabilization, inpatient admission and/or evaluation. The applicant provides the following tables that account for adult service area psychiatric treatment at psychiatric and non-psychiatric hospitals and primary service area utilization by facility at non-psychiatric hospital providers.

SFBH PSA Psychiatric Utilization Licensed Psychiatric Hospitals and Non-Licensed Psychiatric Hospitals 12 Months Ending June 30, 2016		
	Service Area Cases	Percent of Total
Total Service Area Psych Cases	3,629	100.0%
Service Area Discharges From Psychiatric Hospitals	2,040	56.2%
Service Area Cases from Non-Psychiatric Hospitals		
Inpatient Discharges	55	1.5%
ED visits (Minus "Discharged to a Psychiatric Hospital")	1,402	38.6%
Total Non-Psych Hospital Utilization	1,457	40.1%

Source: Source: CON application #10484, page 33

SFBH PSA Resident Utilization at Non-Psychiatric Hospital Providers, Ages 18+ 12 Months Ending June 30, 2016				
Hospital	MDC 19 Discharges		Mental Health ED Outpatient Visits	
	Discharges	Percent of Total	ED Visits	Percent of Total
Homestead Hospital	35	63.6%	1,122	73.1%
Mariners Hospital	1	1.8%	176	11.5%
Baptist Hospital of Miami	9	16.7%	70	4.6%
South Miami Hospital	2	3.6%	49	3.2%
West Kendall Baptist Hospital	0	-	32	2.1%
BHSF Total	47	85.5%	1,449	94.5%
All Others	8	14.5%	85	5.5%
Total MDC 19 Discharges/ ED Visits with Mental Health Disorder	55	100.0%	1,534	100.0%

Source: CON application #10484, page 34

The reviewer notes that the applicant does not provide evidence demonstrating an absence or disparity in the provision of recommended care, referrals to outpatient care, follow-ups or adverse impact resulting from this pattern of care.

The applicant describes the high cost of transfers performed by law enforcement officers that require coordination of care, disruption to the patient's health as a result of being treated out of the PSA and being separated from family

Zero beds in the defined service area results in 100 percent out-migration

The applicant states that none of the 15 hospital providers with inpatient adult psychiatric care are within its identified service area for the

CON Action Numbers: 10483 and 10484

proposed project. As a result, 100 percent of residents must migrate out of the self-identified service area to access inpatient psychiatric care. The reviewer notes that for review purposes, District 11 (Miami-Dade and Monroe Counties) is the service area.

The applicant includes a summary of the licensed and approved bed inventory of District 11 on page 20 of CON application #10484. The applicant notes that Southern Winds is the only freestanding inpatient provider among the 15 providers and is located in northwest Miami-Dade. The applicant maintains that freestanding psychiatric hospitals are sufficiently sized to enable specialty tracks, intensive inpatient treatment, outpatient tracking following discharge and not limited to crisis stabilization. The applicant states that the proposed project is designed in light of these features and references schematic drawings in TAB 5 of CON application #10484.

The applicant notes that the sole facility in Monroe County with behavioral health beds is located in the furthest southern key and that residents of District 11 who reside in Monroe County typically travel north into Miami – Dade for health care services.

Excessive capacity of psychiatric hospitals in southern half of Miami-Dade County

The applicant notes that for the 12 months ending June 30, 2016, the occupancy rate for facilities with licensed adult inpatient psychiatric beds was 62.8 percent—excluding Jackson North Medical Center and Hialeah Hospital, the applicant computes the occupancy at 66.8 percent. The applicant includes an analysis of the geographic distribution and occupancy of hospitals in District 11 (CON application #10484, Page 23).

The applicant notes that five hospitals south of Flagler Street account for 19 percent of the district’s psychiatric beds and 27 percent of the district’s patient days. These five hospitals have a combined occupancy rate of 84.3 percent compared to 58.2 percent occupancy amongst the group of psychiatric hospitals north of Flagler Street. The applicant notes that Jackson South Community Hospital, Larkin Community Hospital, Kendall Regional Medical Center, Westchester Hospital and Mercy Hospital, collectively located in south Miami-Dade, have increased their occupancies from 81.3 percent during the 12 months ending on June 30, 2014 to 84.3 percent during the most recent 12-month period ending on June 30, 2016.

The table summarizing these increases is include below:

CON Action Numbers: 10483 and 10484

South Miami-Dade County Psychiatric Occupancy Rate Trend				
Provider	12 Mos. Ending June 30, 2014	12 Mos. Ending June 30, 2015	12 Mos. Ending June 30, 2016	Growth In Occupancy
Jackson South Community Hospital	83.6%	87.4%	84.1%	0.5%
Kendall Regional Medical Center	77.8%	83.4%	90.9%	13.1%
Larkin Community Hospital	80.5%	80.1%	83.6%	3.1%
Mercy Hospital	82.2%	84.7%	80.0%	-2.2%
Westchester General Hospital	82.8%	78.9%	85.2%	2.4%
South Miami-Dade County	81.3%	82.6%	84.3%	3.0%

Source: CON application #10484, page 25

The applicant maintains that in general residents of the PSA who reside in southern Miami-Dade lack geographically accessible adult psychiatric services and reside in proximity to high occupancy providers which results in low discharge rates. The applicant concludes there is suppressed demand in the identified PSA and SSA in comparison to the rest of the district.

Growth in service area inpatient psychiatric volume

The applicant discusses significant growth in service area psychiatric inpatient discharge volume between the year ending in June 30, 2014 and June 30, 2016—a 38 percent increase (560 new cases). SFBH maintains that these 560 new cases represent 49 percent of all new volume in District 11. The applicant includes a table summarizing changes in MDC 19 discharges which is included below.

SFBH Adult Service Area Resident Discharges by Zip Code					
Zip Codes	12 Mos. Ending June 30, 2014	12 Mos. Ending June 30, 2015	12 Mos Ending June 30, 2016	Change 2014 - 2016	Percent Change, 2014 - 2016
33030 Homestead	296	257	336	40	13.5%
33031 Homestead	13	19	27	14	107.7%
33032 Homestead	260	257	298	38	14.6%
33033 Homestead	349	391	502	153	43.8%
33034 Homestead	115	155	267	152	132.2%
33035 Homestead	51	50	66	15	29.4%
33039 Homestead	0	4	0	0	
33170 Miami	142	129	183	41	28.9%
33189 Miami	141	175	252	111	78.7%
33190 Miami	76	87	81	5	6.6%
33036 Islamorada	9	8	6	-3	-33.3%
33037 Key Largo	17	15	17	0	0.0%
33070 Tavernier	11	10	5	-6	54.5%
PSA Total	1,480	1,557	2,040	560	37.8%
SSA Total - Remainder of D11	26,602	27,622	27,186	584	2.2%
Total District 11	28,802	29,179	229,226	1,144	4.1%

Source: CON application #10484, page 26

CON Action Numbers: 10483 and 10484

The applicant also expects increased demand among providers within the PSA and geographic constraints on accessing care will result in patients out-migrating for care. A summary of SFBH’s three-year trends in MDC 19 discharges for select hospitals is reproduced below:

SFBH Service Area Resident Discharges by Hospital: 2014 - 2016					
Facility	12 Mos. Ending June 30, 2014	12 Mos. Ending June 30, 2015	12 Mos Ending June 30, 2016	Change '14 - '16	Percent Change, '14 - '16
Larkin Community Hospital	128	160	456	328	58.6%
Jackson South Community Hospital	408	403	418	10	1.8%
Jackson Memorial Hospital	203	219	312	109	19.5%
Palmetto General Hospital	130	162	202	72	12.9%
Southern Winds Hospital	149	143	155	6	1.1%
University of Miami Hospital	131	128	117	-14	-2.5%
Mercy Hospital	113	88	73	-40	-7.1%
Westchester General Hospital	41	58	67	26	4.6%
Kendall Regional Medical Center	66	66	64	-2	-0.4%
Mount Sinai Medical Center	23	26	42	19	3.4%
All Others	88	104	134	46	8.2%
Total	1,480	1,557	2,040	560	100.0%

Source: CON application #10484, Page 27

Suppressed discharge use rates per 1,000 population

The applicant states that discharge use rates are lower in the PSA when compared to the “balance” of District 11 due to a lack of proximate inpatient beds within its defined service area. The applicant notes that within its defined service area 11.4 percent of psychiatric discharges (MDC 19) were for adults aged 65+ and outside of its defined service area nearly 15 percent of discharges were for adults aged 65+ and attributes this disparity to a lack of access to geriatric psychiatry beds. The reviewer notes that the need methodology takes into consideration the entire 18+ population and makes no 65+ distinction.

In evaluation of the adult population, the applicant notes that its targeted service area accounts for 8.5 percent of District 11’s total adult population, 69.2 percent of those adults reside in Homestead. For the adult population aged 18+, the applicant notes a greater proportion of adults as a proportion of the population than represented by adult psychiatric discharges for adults 18+, 18 to 64 and 65+.

CON Action Numbers: 10483 and 10484

The applicant includes the following tables documenting service area discharges by age and the discharge rate per 1,000 population which are included below:

SFBH Primary Service Area Utilization by Age 12 Months Ending June 30, 2016			
	Ages 18-64	Ages 65+	Ages 18+
PSA MDC 19 Discharges as % of District 11 MDC 19 Discharges	7.2%	5.4%	7.0%
PSA Population as % of District 11 Population	9.1%	6.1%	8.5%

Source: CON application #10484, page 31.

SFBH Adult Service Area Resident Discharge Use Rate per 1,000 population: 12 Months Ending June 30, 2016			
Zip Codes	Ages 18-64	Ages 65+	Ages 18+
PSA Total	11.2	8.6	10.8
SSA Total - Remainder District 11	14.3	9.7	13.4
Total District 11	14.0	9.7	13.2

Source: CON application #10484, page 32.

Utilization of Hospitals without Psychiatric Beds

Based on the discharge use rates per 1,000 population, the applicant determines that use rates are suppressed within the service area. The applicant predicts that in the absence of use suppression there would be at least 535 additional discharges, signifying equal access to psychiatric beds in the targeted service area. The applicant concludes that the current discharge use rate reflects a lack of available and accessible hospital beds within the service area, which results in the overuse of non-licensed psychiatric hospitals when psychiatric beds are not available due to geographic or program constraints.

The applicant includes a table summarizing what the applicant classifies as underutilization within its identified service area as evidenced by emergency department visits for a mental health diagnosis at acute care hospitals that do not have licensed psychiatric beds. The table is reproduced on the following page:

CON Action Numbers: 10483 and 10484

SFBH Primary Service Area Psychiatric Utilization: 12 Months Ending June 30, 2016		
	Service Area Cases	Percent of Total
Total Service Area Psych Cases	3,629	100.0%
Service Area Discharges from Psychiatric Hospitals	2,040	56.2%
Service Area Cases from Non-Psychiatric Hospitals		
Inpatient Discharges	55	1.5%
ED Visits (Minus Discharged to a Psychiatric Hospital)	1,402	38.6%
Total Non-Psych Hospital Utilization	1,457	40.1%

Source: CON application #10484, page 33.

The applicant concludes that patients who present at a hospital emergency department that is not equipped or licensed to provide psychiatric service must be transferred to a willing and available receiving facility. SFBH maintains that within its identified service area the vast majority of the emergency department outpatient visits originate from the six hospital campuses operated by Baptist Health South Florida—85 percent of whom were later treated at either Homestead Hospital or Mariners Hospital. The applicant notes that none of Baptist Health South Florida hospitals, described as the largest health system in southern Miami-Dade and Monroe Counties, has inpatient adult psychiatric beds.

SFBH Primary Service Area Residential Adult Utilization at Non-Psychiatric Hospital Providers				
Hospital	MDC 19 Discharges		Mental Health ED Outpatient Visits	
	Discharges	Percent of Total	ED Visits	Percent of Total
Homestead Hospital	35	63.6%	1,122	73.1%
Mariners Hospital	1	1.8%	176	11.5%
Baptist Hospital of Miami	9	16.7%	70	4.6%
South Miami Hospital	2	3.6%	49	3.2%
West Kendall Baptist Hospital	0	-	32	2.1%
BHSF Total	47	85.5%	1,449	94.5%
All Others	8	14.5%	85	5.5%
Total MDC 19 Discharges/ED Visits with Mental Health Disorder	55	100.0%	1,534	100.0%

Source: CON application #10484, page 34.

CON Action Numbers: 10483 and 10484

The applicant states that a smaller proportion of psychiatric patients within its identified service area are admitted to non-psychiatric hospitals within and around the service area. A table summarizing this data is included below.

The applicant also analyzes the discharge status of patients served by non-psychiatric hospitals, determining that 8.6 percent of patients within its identified service area who were treated at non-psychiatric hospitals were discharged to a psychiatric hospital in the 12 months ending on June 30, 2016 (CON application #10484, Page 35). The applicant states that emergency department care is not comparable to actual psychiatric treatment (e.g. inpatient treatment, crisis stabilization and patients are not receiving appropriate levels of care). The reviewer notes that an adverse treatment analysis is not provided to supplement this assertion.

The applicant expresses an intent to establish relationships with Baptist Health South Florida hospitals in order to ensure that patients receive an appropriate transition of care. The reviewer notes that Baptist Health South Florida did not provide letters of support expressing interest in being used as a referral source for this proposed project. The applicant also intends to educate the community and law enforcement on the facility's ability to accept psychiatric patients. The applicant reiterates that CON application #10484 is predicated upon the condition to be designated as a Baker Act Receiving Facility in order to provide crisis stabilization in the inpatient continuum.

Forecasted Utilization

The applicant provides the following table in illustration of projected discharges by age cohort.

SFBH Adult Service Area Resident Discharge Use Rate per 1,000 population 12 Months Ending June 30, 2016			
	Ages 18-64	Ages 65+	Ages 18+
Actual PSA Use Rate	11.2	8.6	10.8
Restated Use Rate/Remainder of D11	14.3	9.7	13.4

Source: CON application #10484, page 36.

From June 2016 to June 2021, the applicant projects that the historical forecasted growth in its identified service area, will increase by 37.0 percent within the service area, 5.0 percent in the rest of District 11 and 7.3 percent within District 11 and the service area (CON application #10484, Page 37). The reviewer notes that the applicant has previously

CON Action Numbers: 10483 and 10484

identified that the purpose of this CON application is to establish a Class III Specialty Hospital with 80 adult inpatient psychiatric beds in District 11, Miami-Dade County, Florida (CON application #10484, Page 1). ⁵

Bed Need & SFBH Forecast Utilization

The applicant provides the following tables in demonstration of forecasted discharges, utilization, and projected distribution of payers in the first two years of operations.

SFBH Projected Discharges		
SFBH Projected Discharges	Year One: 6/30/2020	Year Two: 6/30/2021
Primary Service Area Residents	1,013	2,161
In-Migration (15%)	179	382
Total	1,192	2,543
<hr/>		
Primary Service Area Market Cases	2,743	2,795
SFBH Market Share	36.9%	77.3%

Source: CON application #10484, page 38.

Southeast Florida Behavioral Health: Projected Utilization		
	Year One: 6/30/2020	Year Two: 6/30/2021
SFBH Cases	1,192	2,543
Average Length of Stay	7.0	
Patient Days	8,346	17,798
Average Daily Census	22.9	48.6
Occupancy Rate	28.6%	60.8%

Source: CON application #10484, page 39.

⁵ On page 30 of CON application #10484, the applicant states: “The Service Area accounts for 8.5 percent of District XI’s total adult population”

Southeast Florida Behavioral Health: Forecasted Patient Days by Payer		
Payer	Year One: 6/30/2020	Year Two: 6/30/2021
Medicare	2,287	7,475
Medicare HMO	842	1,424
Managed Care	2,692	4,628
Medicaid HMO	2,133	3,560
Self-Pay/Charity Care	392	712
Total	8,346	17,798

Source: CON application #10484, page 39.

The applicant states that partial hospitalization and outpatient programs will provide for continuing care of service area patients and less acute patients that do not require overnight admission. The applicant states that the SFBH forecast is reasonable and conservative and does not expect adverse impact as the 80 psychiatric beds are in response to “not normal circumstances”.

Impact on Existing Providers

The applicant does not anticipate that the proposed project will have an adverse impact on existing providers. The applicant states that the proposed project will result in the addition of new volume to the market rather than the absorption of volume from existing District 11 providers. Due to out-migration of PSA residents and suppressed utilization, the applicant determines that existing providers will have greater utilization. SFBH notes that it has conditioned approval of the proposed project on establishing the proposed hospital within its defined service area.

Community Support for the Project

The applicant notes support for the proposed project from health providers who will serve as referrals for psychiatric care at the proposed facility which is reproduced below:

- Miguel Abreu, President of LMA Security and Transportation
- Frank Baez, M.D.
- Katherine Adams, D.O.
- Joseph Pino, M.D.
- Daniel Melman, M.D.
- Jasmith Pierre, ARNP
- Lisa Guertin, MS, RN, PMNHNP-BC
- Miseline Fabre, MSN, FNP-C

2. Agency Rule Criteria/Preferences

a. Priority Considerations for hospital inpatient general psychiatric services (Rule 59C-1.040 (4)(f), Florida Administrative Code) (NOTE: All references to child/adolescent psychiatric services are deleted). In weighing and balancing statutory and rule review criteria, preference will be given to applicants who:

- 1. Provide Medicaid and charity care days as a percentage of their total patient days equal to or greater than the average percentage of Medicaid and charity care patient days of total patient days provided by other hospitals in the district, as determined by the Florida Center for Health Information and Policy Analysis hospital discharge data for the 12-month period ending 6 months prior to the beginning date of the quarter of the publication of the fixed bed need pool.**

According to the Florida Center for Health Information and Transparency, hospital discharge data for CY or FY 2016, District 11 provided 27.66 percent to Medicaid/Medicaid HMO patients and 18.47 percent to charity for a total of 46.13 percent for adult psychiatric inpatient services for MS-DRGs 880 through 887.

Next Generation Behavioral Health, LLC (CON application #10483) states that the existing criteria reflects “bygone” effects of the Medicaid State Plan which prohibited Medicaid reimbursement directly to Institutes for Mental Diseases or specialty psychiatric hospitals. With the existing Medicaid mandate to enroll patients in Medicaid Managed Care Plans, the applicant notes that reimbursement now goes to units within acute care hospitals and specialty hospitals and states that the provision of care in mainly acute care hospitals alters the basis of comparison for the preference. The applicant states that UM Hospital provides a lower proportion of care to patients in the non-payment category than the other 15 hospitals with licensed adult psychiatric beds in District 11. The applicant states that the same practice patterns will be maintained at the new facility.

A table demonstrating the distribution of adult psychiatric patient days by payer source in District 11 from July 2015 through June 2016 with CY 2022 projections for the proposed facility is included on page 2-20 of CON application #10483 and reproduced below.

CON Action Numbers: 10483 and 10484

Distribution of Adult Psychiatric Patient Days in District 11 Hospitals at Baseline and CY 2022				
Payer	Project Year Two % of Pt. Days	D 11 Hospital's % of Pt. Days	D 11 Hospital's # of Pt. Days	Project Year Two # of Pt. Days
Commercial Health Insurance	20.0%	10.0%	18,042	5,719
Commercial Liability Coverage	0.0%	0.0%	51	0
KidCare	0.2%	0.0%	31	46
Medicaid	0.0%	5.6%	10,097	0
Medicaid Managed Care	27.7%	24.1%	43,375	7,925
Medicare	29.8%	31.2%	56,103	8,520
Medicare Managed Care	8.2%	8.1%	14,588	2,337
Non-Payment	1.2%	3.6%	6,413	347
Other	0.0%	2.8%	5,055	0
Other State/Local Government	0.5%	3.7%	6,582	142
Self - Pay	11.5%	10.5%	18,849	3,290
TriCare/Federal Gov't/CHAMPUS	0.5%	0.2%	350	140
VA	0.3%	0.2%	332	84
Workers Compensation	0.2%	0.0%	38	57
Grand Total	100.0%	100.0%	179,906	28,608

Source: CON application #10483, page 2-20.

The applicant evaluates the projected distribution of adult psychiatric patients by payer source with sources of patient referrals for adult psychiatric services at UM Hospital presented in Table 2-1 on page 2-16 of CON application #10483 and discusses the relationship between the source of patient referral and projected payer mix. The applicant describes a larger proportion of patient referrals derived from mostly the home or workplace (93.9 percent) at UM Hospital in comparison to other providers in District 11 (75.0 percent). The applicant also notes differences in the proportions of patient referrals derived from the categories “Transfers from Hospital” and “Transfer within Same Hospital”. The applicant states that the variability that exists between UM Hospital’s provision of care to patients transferred from or within the same hospital (3.1 percent) and other providers for the same sources of care (10.6 percent) represents the relationships that faculty and community psychiatrists maintain with those at the UM program. The applicant contends that the larger proportion of transfers into psychiatric programs at other providers within District 11 is predicted to suggest the absence of regular psychiatrists and different payer sources.

CON Action Numbers: 10483 and 10484

The applicant supplements these findings with tables depicting the number of patients treated within District 11 adult psychiatric programs by source of admission and payer, the percentage of patients treated within District 11 adult psychiatric programs by source of admission, the percentage of patients treated within District 11 across source of admission and the number/percentage of patients by source of admission across payer for UM's adult psychiatric programs from July 2015 – June 2016 (pages 2-22 through 2-26 of CON application #10483). The applicant notes that 1.5 percent of care was delivered to non-payment patients at the UM Hospital and 4.2 percent of care was provided to non-payment patients at other hospitals within District 11 from July 2015 – June 2016.

Southeast Florida Behavioral Health, LLC (CON application #10484) describes the historical preclusion of freestanding psychiatric and substance abuse hospitals from Medicaid Fee for Service. The applicant anticipates that upon licensing Medicaid Fee for Service patients will be absent from Florida.

The applicant references the historical experience of the parent company and affiliate facilities in contracting with Medicaid HMO plans and expects that relationships with existing Medicaid HMO plans will be beneficial when pursuing future contracts. The applicant expresses an intent to contract with Medicaid HMO plans and provide charity care. In the second year of operation, the applicant projects that charity care will account for two percent of total patient days. The applicant states that forecasts for the provision of Medicaid and charity care are consistent with existing provisions of Medicaid and charity care of psychiatric hospitals during the year ending on June 30, 2016—28.8 percent of total psychiatric patient days were provided to Medicaid enrollees and 4.2 percent of psychiatric patient days were provided to charity care among the 15 existing psychiatric providers. In the second year of operations, the applicant projects that 20 percent of total patient days will be allocated to Medicaid HMO and four percent of total patient days will be allocated to self-pay (half of which is charity care). The applicant notes that CON application #10484 is conditioned upon the approval of at least 20 percent of total hospital patient days to a combined provision of Medicaid HMO/charity care/self-pay patients beginning in the second year of operations and expects to meet this condition based on the total combined projection of 24 percent Medicaid HMO/charity care/self-pay provided in Schedule 7 of CON application #10484.

2. **Propose to serve the most seriously mentally ill patients (e.g. suicidal patients; patients with acute schizophrenia; patients with severe depression) to the extent that these patients can benefit from a hospital-based organized inpatient treatment program.**

Next Generation Behavioral Health, LLC (CON application #10483) states that based on Agency discharge data, psychoses (DRG 885) constitute the greatest proportion of cases for the programs in District 11, which is consistent with the experience at UM Hospital's program. The applicant states that the forecast proposed for CON application #10483 maintains the existing distribution of care at UM Hospital prioritizing the most seriously ill, noting the top two categories: psychoses and depressive disorders. The applicant maintains that program descriptions highlight the program's focus on treating individuals with serious mental disorders.

Southeast Florida Behavioral Health, LLC (CON application #10484): The applicant expresses an intent to serve the most seriously mentally ill patients including, but not limited to: suicidal patients, those with acute schizophrenia and severe depression. The applicant also states that eligible patients will be admitted regardless of sex, race, ethnic or social background.

The applicant notes that admission criteria of the applicant will require that patients are at least 18 years old and includes the following list of admission criteria to the proposed program:

- Immediate or imminent danger to self, others or property
- Involuntary admission (Baker Act, Marchman Act, Ex Parte order, court order)
- Acute intoxication/withdrawal potential seizures, hallucinations or delirium tremens when detoxifying
- Impairment of orientation, memory, intellectual functioning, judgment or affect of a severity which would compromise the patient's ability to remain safely out of the hospital
- Thought disorder manifested by thoughts that are bizarre, illogical, loose, blocked, autistic or concrete or impaired reality testing manifested by delusions, hallucinations, paranoia or depersonalization of a severity which would compromise the patient's ability to remain safely out of the hospital
- Disorganized behavior that is withdrawn, regressive, bizarre, or inappropriate and of a severity which would compromise the patient's ability to remain safely out of the hospital

CON Action Numbers: 10483 and 10484

- Requires hospital-level care to establish or stabilize medication regimen and implement a treatment program requiring 24-hour nursing supervision

3. Propose to serve Medicaid-eligible persons.

Next Generation Behavioral Health, LLC (CON application #10483) indicates the following forecasted provision of care to Medicaid-eligible persons and other payers as represented in Schedule 7 of CON application #10483:

Next Generation Behavioral Health, LLC Projected Payer Mix							
	Self-Pay	Medicaid HMO	Medicare	Medicare HMO	Commercial Insurance	Other Payers	Total
Year One	2,780	6,061	6,515	1,787	4,373	357	21,873
Year Two	3,637	7,925	8,521	2,337	5,719	469	28,608
% Year One	12.7%	27.7%	29.8%	8.2%	20.0%	1.6%	100.0%
% Year Two	12.7%	27.7%	29.8%	8.2%	20.0%	1.6%	100.0%

Source: CON application #10483, Schedule 7. Year One and Year Two correspond to CY 2021 and CY 2022.

The applicant notes that while the Medicaid State Plan does not reimburse freestanding psychiatric specialty hospitals, managed care providers place Medicaid recipients into specialty hospitals with whom contracts exist. In consideration of these changes, the program remains available to Medicaid recipients in managed care plans.

Southeast Florida Behavioral Health, LLC (CON application #10484) provides the following forecasted provision of care to Medicaid-eligible persons and other payers as represented in Schedule 7 of CON application #10484:

Projected Payer Mix: Southeast Behavioral Health, LLC						
	Self-Pay	Medicaid HMO	Medicare	Medicare HMO	Other Managed Care	Total
Year One	392	2,133	2,287	842	2,692	8,346
Year Two	712	3,560	7,475	1,424	4,628	17,799
% Year One	4.70%	25.56%	27.40%	10.09%	32.25%	100.00%
% Year Two	4.00%	20.00%	42.00%	8.00%	26.00%	100.00%

Source: CON application #10484, Schedule 7. Year 1 and Year 2 correspond to CY 2020 and CY 2021.

The applicant anticipates that upon licensing, Medicaid Fee for Service patients will be absent from Florida. The applicant references the historical experience of the parent company and affiliate facilities in contracting with Medicaid HMO plans and

CON Action Numbers: 10483 and 10484

expects that relationships with existing Medicaid HMO plans will serve as beneficial when pursuing future contracts. The applicant expresses an intent to contract with Medicaid HMO plans and provide charity care. In reference to AHCA Inpatient Data Tapes for the year ending on June 30, 2016, the applicant notes that UHS' adult psychiatric hospitals within District 11 provided 15.8 percent of total patient days to Medicaid HMO and 3.3 percent of patient days to charity care.

The applicant includes the following table documenting the historical provision of care by payer at UHS Hospitals:

UHS Florida Hospitals: Adult MDC 19 Patient Days by Payer 12 Months ending June 30, 2016		
Payer	Patient Days	Percent Total of Patient Days
Charity	5,046	3.3%
Self- Pay/Underinsured	4,316	2.8%
Medicaid HMO	24,036	15.8%
Medicaid	1,743	1.1%
Medicare	41,579	27.3%
Medicare HMO	16,771	11.0%
Comm. Insurance	37,920	24.9%
Other	20,735	13.6%
Total	152,146	100.0%

Source: CON application #10484, page 62.

The applicant expresses the intent to contract with all major managed care companies that participate in Medicaid HMOs. Within the second year of operation, the applicant projects that 20 percent of total patient days will be allocated to Medicaid HMO and four percent of patient days will account for self-pay. The applicant notes that CON application #10484 is conditioned upon the approval of at least 20 percent of total patient days to a combined provision of Medicaid HMO/charity care/self-pay patients beginning in the second year of operations.

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

Next Generation Behavioral Health, LLC (CON application #10483) references Table 2-7 on page 2-25 of CON application #10483 which depicts the historical provision of care by payer source at UM Hospital.

CON Action Numbers: 10483 and 10484

The table indicates that from July 2015 through June 2016 1.5 percent of adult psychiatric patient care was provided to the non-payment category.

Southeast Florida Behavioral Health, LLC (CON application #10484) expresses the intent to treat individuals regardless of their ability to pay and states that charity care will be made available in light of existing resources. In the event that a patient is deemed indigent, the applicant states that all or a substantial portion of the patient's bill will be discounted. The applicant notes that the charity care policy of affiliate facilities will be maintained as included in the Supporting Documents supplement of CON application #10484. The applicant notes that CON application #10484 is conditioned upon the provision of at least 20 percent of a combined provision of Medicaid HMO/charity care/self-pay in the second year of operations. The applicant notes that half of self-pay is identified as charity care.

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

Next Generation Behavioral Health, LLC (CON application #10483) expresses a commitment to maintain status as a Baker Act Receiving Facility and indicates that affiliate adult psychiatric facilities also serve as receiving facilities. The applicant maintains that the collaborative experience of UM Hospital and AHC in operating the proposed psychiatric program encourages participation in the program and indicates collaborating with Florida Department of Children and Families in order to maintain its designation as a Baker Act Receiving Facility.

Southeast Florida Behavioral Health, LLC (CON application #10484) expresses a commitment to become a private Baker Act Receiving Facility and notes that CON application #10484 is conditioned upon the approval of being a designated receiving facility. The applicant also states that SFBH will partner with community organizations, like law enforcement, to educate and optimize the use of this resource.

- b. **Minimum Size of Specialty Hospitals (Rule 59C-1.040(3)(e) Florida Administrative Code).** The minimum capacity of a specialty hospital providing hospital inpatient psychiatric services may include beds used for hospital inpatient substance abuse services regulated under Rule 59C-1.041, Florida Administrative Code. The separately organized units for hospital inpatient psychiatric services for adults in specialty hospitals shall meet the minimum size requirements stated in subsection (5) of this rule. Hospitals inventoried consistent with the provisions of subsection (11) of this rule are exempt from meeting the minimum capacity and minimum unit size requirements of this paragraph unless or until they submit a proposal which would modify the number of beds listed in the inventory.

Next Generation Behavioral Health, LLC (CON application #10483) states that the proposed project will be a 104-bed adult psychiatric freestanding Class III hospital in Miami-Dade County. The applicant indicates that the new building will exceed minimum size requirements and references schematic drawings of the buildings which includes six units for: thought disorders, mood disorders, geriatrics, adult acute, eating disorders and undifferentiated. The applicant notes that the new building will have one 16-bed unit and four 18-bed units within the single-story design. Patient rooms will vary in size from 597 to 723 square feet per bed, totaling approximately 102,700 GSF. Architectural plans are included in Tab 8 of CON application #10483.

Southeast Florida Behavioral Health, LLC (CON application #10484) states that the proposed project will include 80 adult psychiatric beds in satisfaction with this criterion. The proposed project will include 51,615 GSF. Architectural plans are included in TAB 5 of CON application #10484. The architectural narrative states that the facility will be located on a six-acre site.⁶ The hospital will consist of two wings: one corridor will have 12 patient rooms with 24 beds, a second corridor will have 16 patient rooms with 32 beds. The applicant states that one wing will have a geriatric psychiatric unit.

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

⁶ The reviewer notes that the applicant does not specify a location for the six-acre site. Throughout CON application #10484, the applicant states that the facility will establish an 80-bed inpatient psychiatric hospital in southern Miami-Dade County to serve primarily the residents of Southern Miami-Dade County and northern Monroe County (CON application #10484, Page 1)

Next Generation Behavioral Health, LLC (CON application #10483) provides a map depicting the access standard for the proposed facility. The map depicts two drive time routes, one around Jackson Memorial South which is stated to encompass 2,070,866 adults aged 18+ (referencing a 2016 estimate) and an additional driving route which encompasses 2,083,939 adults. Both travel routes encircle 95.5 percent and 96.1 percent of the adult population, the applicant maintains that the statutory preference is satisfied.

Southeast Florida Behavioral Health, LLC (CON application #10484) states that the service area population does not meet the criterion to have 90 percent of its population within 45 minutes of adult psychiatric beds. The reviewer notes that the applicant identifies the adult population, aged 18+, within the applicant's self-identified service area consisting of 8.5 percent of the total District 11 adult population (CON application #10484, Page 30). The applicant describes how southern Miami-Dade and northern Monroe County have zero beds in light of demand for adult psychiatric services. The applicant also states that for over 10 percent of the population within southern Miami-Dade and northern Monroe County, access to services is greater than 45 minutes and none of the 15 hospitals with adult psychiatric beds has beds within the applicant's self-defined service area. For this reason, the applicant determines that all residents within its defined service area must travel outside of their homes for access to inpatient treatment for mental health disorders.

d. Quality of Care.

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

Next Generation Behavioral Health, LLC (CON application #10483) attests to meeting all licensure requirements for a hospital as an existing hospital and identifies the following requirements:

- Evaluation upon referral
- Treatment goals
- Treatment plan and discharge planning
- Assessment
- Treatment and progress records
- Written plan of care

CON Action Numbers: 10483 and 10484

- Policies and procedures
- Primary diagnosis meeting the American Psychiatric Association's Diagnostic and Statistical Manual
- Medical direction by a qualified practitioner
- Nursing direction by a qualified nurse
- Personnel including those who may offer psychological services, social work, psychiatric nursing, occupational therapy, and recreational therapy

The applicant additionally references Tab 8 (Architectural Criteria) of CON application #10483, in description of further building requirements, codes and costs illustrating the construction capabilities of the plant and Schedule 10, which indicates the project completion forecast and initiation of service in CY 2021.

Southeast Florida Behavioral Health, LLC (CON application #10484) states that the applicant will comply with Agency standards for program licensure and will also maintain a mechanical restraint and seclusion free environment. The applicant summarizes the parent company's experience with maintaining behavioral health facilities throughout the State of Florida and underscores the applicant's focus on expanding quality services and voluntary measurement of clinical outcomes.

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

Next Generation Behavioral Health, LLC (CON application #10483) reiterates the parent company's experience in providing comprehensive outpatient services which includes a partial hospitalization program and on-site outpatient services. The applicant states that outpatient services continue therapies outside of the hospital setting for persons returning to the community. The applicant maintains that services will continue on an individual and group level in addition to other forms of counseling within the outpatient plan of care. The applicant states that referrals to community providers will also occur with the maintenance of ongoing

CON Action Numbers: 10483 and 10484

relationships with psychologists and/or psychiatrists and highlights the importance of the transfer of care to a Community Mental Health Center.

The applicant additionally describes the role of the RTF in an outpatient setting and AHC's historical capacity to integrate care for those requiring supervision in a community-based setting when home-care is inappropriate. The applicant anticipates that the 80-bed RTF will allow for longer supervision and regime of care for medication management, activities, nutrition support and support for geriatric patients to reduce readmissions. The applicant references a copy of the outpatient program brochure at Park Royal Hospital, an affiliate facility of the AHC, Inc. in Tab 10 (Additional Information) of CON application #10483.

Southeast Florida Behavioral Health, LLC (CON application #10484) states that a referral network will be established for outpatient services, partial hospitalization programming, residential facilities community mental health programs and local psychiatrists/psychologists. The applicant notes the role of existing relationships in a neighboring area, Broward County, in the continuity of care.

The applicant includes descriptions of programs that will be implemented along the proposed care path which include: general psychiatric program, older adult psychiatric program, dual diagnosis program and electroconvulsive therapy. The applicant states that the partial hospitalization program (PHP) will offer immediate access to care for clients who do not require 24-hour care, while allowing for clients to return home. SFBH maintains that PHP prevents decompensation, the need for hospitalization and allows for the transition from inpatient to outpatient care. The applicant lists group activities on page 69 of CON application #10484 and provides a brochure of the SFBH PHP in supporting documents included with CON application #10484.

For outpatient services, the applicant will provide intensive outpatient services which will include an interdisciplinary team of professionals, individualized assessments, treatments with group, individual and family therapy, medical, and psychiatric care under the care of a private physician.

CON Action Numbers: 10483 and 10484

The applicant states that outpatient services may also be available in the community. The applicant maintains that as a part of the discharge planning process, referrals will be provided as needed to community mental health centers, local mental health programs and local substance abuse programs.

- 3. Screening Program. All facilities providing hospital inpatient psychiatric services shall have a screening program to assess the most appropriate treatment for the patient. Patients with a dual diagnosis of a psychiatric disorder, as defined in subsection (2) and substance abuse, as defined in subsection (2), shall be evaluated to determine the types of treatment needed, the appropriate treatment setting, and, if necessary, the appropriate sequence of treatment for the psychiatric and substance abuse disorders (Rule 59C-1.040(7)(e), Florida Administrative Code).**

Next Generation Behavioral Health, LLC (CON application #10483) states it will maintain existing policies, procedures and staff to conduct screening program. Staff are described as counselors, therapists, psychiatrists and psychologists who are available for 24 hours, every day. The applicant also states that it employs clinically based therapies to ensure evaluation and appropriate treatment protocols. The applicant states that the treatment protocol identifies: (1) the site of therapy and (2) whether inpatient, outpatient or partial hospitalization are appropriate. The applicant indicates that the residential treatment component will provide supervision for those with difficulty complying with medication regimens, appointments and difficulty with implementing coping skills and socially accepted behaviors.

For a secondary diagnosis of substance abuse, the applicant notes that within UM Hospital and AHC facilities, clinical professionals will work to address dependency as part of the overall scope of care. The applicant notes that drug assistance will be used for withdrawal and behavior modification will be used to address poor impulse control.

Southeast Florida Behavioral Health, LLC (CON application #10484) maintains it will provide appropriate medical screenings to any individual seeking evaluation on hospital grounds in order to determine appropriate care needs. If the screening identifies an emergent medical condition, stabilization will be required at the campus for psychiatric or medical evaluation. SFBH indicates that screenings will not be dependent upon the verification of insurance

and that staff will complete screening in determination of the following care needs:

- Danger to self and others requires immediate admission to SFBH
- Medical complications or emergencies warrant transfer to the nearest hospital
- Under the influence of substances but are not medical emergencies and can be treated within the hospital's capacity should be admitted to SFBH
- Presenting issues meet the criteria for inpatient hospitalization
- Presenting issues meet the criteria for outpatient services
- Does not meet criteria for any level of care provided by SFBH but requires services such as individual therapy or support groups

The applicant also implements an emergency screening tool, the SFBH Emergency Medical Screening, to determine the plan of care for the patient and identify all risk factors. An attachment of the Emergency Medical Screening policy and procedures is included in the supporting documents supplements of CON application #10484.

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

1. Age groups to be served.

Next Generation Behavioral Health, LLC (CON application #10483) indicates that adults aged 18+ will be served by the proposed project.

Southeast Florida Behavioral Health, LLC (CON application #10484) indicates that adults aged 18+ will be served by the proposed project with a specialized mature adult program for seniors. By the second year of operations, the applicant expects that 50 percent of the payer mix of the proposed project will consist of Medicare/Medicare HMO—the majority of this payer mix category is expected to consist of patients 65+. The reviewer notes that adult residents (18+) of the applicant's self-identified service area accounted for 2,040 discharges or 6.98 percent of total MDC 19 discharges within District 11 during the 12 months ending on

CON Action Numbers: 10483 and 10484

June 30, 2016 with adults ages 65+ within the applicant's self-identified service area accounted for 5.44 percent of total MDC 19 discharges within District 11. The applicant notes that 11.4 percent of MDC 19 discharges were adults 65+.

2. Specialty programs to be provided (e.g., programs for eating disorders, stress management programs).

Next Generation Behavioral Health, LLC (CON application #10483) states that the proposed project will offer spacious accommodations, which will allow for greater access to clinical professionals. The applicant includes a list of the following specialty programs that will be available through the proposed facility:

- Acute psychiatric care: schizophrenia, impulse control, and personality disorders
 - Psychotherapy, psychosocial, pharmacological, and neurological interventions: Deep Brain Stimulation (DBS) and Electroconvulsive Therapy (ECT)
- Geriatric services: Center for Geriatrics with psychiatrists, hospitalists, neuropsychologists, nurses, social workers and therapists (speech, occupational and physical)
- Obsessive Compulsive Disorder
 - Treatments: Medications, therapy, Cognitive Behavioral Therapy (CBT) and DBS
- Mood Disorders: depressive neuroses, bipolar disorders and anxiety disorders
 - Treatment options: Process groups, cognitive behavioral therapy groups, psychoeducational groups, individual therapy, DBS or ECT
- Eating Disorders: anorexia, bulimia, and similar related behaviors
 - Treatment Options: Coordinated medical and psychiatric treatment with psychiatric and internal medicine physicians, daily psychiatric meeting, medical monitoring, coordinated care with professionals who are nurses, social workers, occupational therapists, and dieticians as well as others based on the treatment plan, nutritional assessment and comprehensive refeeding plan, consultations as appropriate with other professions that may include gastroenterology, cardiology, neurology, or others, transitional support to the day treatment program or intensive outpatient program
- Medical psychiatric program

A complete brochure of specialty programs is included in Tab 10 (Additional Information) of CON application #10483.

Southeast Florida Behavioral Health, LLC (CON application #10484) will include a general psychiatric program, mature adult program for seniors and programming for patients with a dual diagnosis. The applicant states that programs will be designed to address: anxiety, depression, stress and other psychiatric disorders. The applicant states that the programs will incorporate: relaxation/stress reduction techniques, nutrition education, community awareness groups, movement therapy and spiritual counseling.

The applicant states that the general psychiatric program will help individuals develop more effective coping skills. SFBH notes that following inpatient treatment a variety of outpatient services and a partial hospitalization program will be available as needed. The applicant states that a continuum of care will also be made available for patients. Individual and family therapy will also be available through facility social workers and patients will meet with an attending psychiatrist. The applicant presents a list of clinical services that will be available through the proposed program:

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

The applicant outlines the following principles of clinical services:

- Multidisciplinary approach incorporating psychiatric, psychosocial and medical components
- Therapeutic milieu designed to encourage patient participation in therapeutic, behavioral, nursing and activity groups
- Components of Dialectical Behavioral Therapy (DBT), CBT, and Rational Emotive Behavior Therapy (REBT) incorporated into clinical groups to develop problems solving and coping skills
- Components of transactional analysis to facilitate appropriate communication techniques and more functional interpersonal relationships
- Implementation of the 12-Step Program in relation to psychiatric conditions

The applicant also includes additional descriptions of other services including: nursing services, individual therapy, family therapy, family and patient education, pharmacology, activities therapy, discharge planning and referral services.

CON Action Numbers: 10483 and 10484

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

Next Generation Behavioral Health, LLC (CON application #10483) the applicant presented the following staffing table for the proposed project.

Next Generation Behavioral Health, LLC Proposed Staffing CY 2021 and CY 2022		
Position	FTE - CY 2021	FTE - CY 2022
Executive Director	1.0	1.0
Administrative Director	1.0	1.0
Nurse Manager	2.0	2.0
Clinical Coordinator	3.0	4.0
Administrative Assistant	4.0	5.0
Patient Accounting	12.0	13.0
Medical Director	1.0	1.0
RN	56.0	60.2
Tech	42.0	44.8
Unit Clerk	4.2	7.0
Licensed Therapist	5.0	5.0
Dietary Supervisor	1.0	1.0
Cooks	4.2	4.2
Case Manager	6.0	6.0
Recreational Therapist	6.0	8.0
Housekeeping Supervision	1.0	1.0
Housekeepers	4.2	4.2
Laundry Aides	2.8	2.4
Maintenance Supervisor	1.0	1.0
Maintenance Assistance	2.0	2.0
Total	159.4	173.8

Source: CON application #10483, Schedule 6.

The applicant also includes a list of key personnel on pages 2-14 through 2-15 of CON application #10483 and descriptions of personnel experience are included in TAB five of CON application #10483.

Southeast Florida Behavioral Health, LLC (CON application #10484) the applicant presented the following staffing table for the proposed project.

CON Action Numbers: 10483 and 10484

Southeast Florida Behavioral Health, LLC Proposed Staffing Model		
Position	FTE - CY 2020	FTE - CY 2021
CEO	1.0	1
CFO	1.0	1
Director of Nursing	1.0	1
Intake Director	1.0	1
Director of Marketing	1.0	1
Marketing Representative	0.0	1
Director of QA/Risk Mgmt.	1.0	1
Director of Human Resources	1.0	1
Assessment Counselor	3.7	6.3
Admissions Clerk	1.0	1
Business Office Manager	1.0	1
Biller/Collector	1.0	2.25
Utilization Review-RN	1.0	2
Receptionist/Switchboard	1.6	2.35
A/P/Payroll Clerk	1.0	1
Admin. Ass't	1.0	1
Medical Records Director	1.0	1
Medical Records – Clerical	0.0	1.38
Other: Training/Orientation	1.5	2.15
Physicians - Unit/Program Director	Contract	Contract
R.N.s	14.4	25.65
Mental Health Tech	11.8	25.09
Dietary Supervisor	1.0	1
Cooks	1.3	2.2
Dietary Aides	1.2	1.8
Social Service Director (Therapists)	1.0	1
Therapists	2.4	5.58
Activities Therapist	1.6	2.3
Housekeeping Supervision	1.0	1
Housekeepers	1.5	3
Laundry	Contract	Contract
Maintenance Supervisor	1.0	1
Maintenance Technician	0.0	1
Total	59.0	100.05

Source: CON application #10484, Schedule 6

4. Patient groups that will be excluded from treatment.

Next Generation Behavioral Health, LLC (CON application #10483) states that the programming for the proposed project will focus on adults, aged 18+ with principal diagnoses in MDC 19

CON Action Numbers: 10483 and 10484

(Mental Diseases and Disorders) and secondary or greater diagnoses within MDC 20 (Alcohol/Drug Use and Drug-Induced Organic Mental Disorders). The applicant indicates that children and adolescents will receive age-appropriate referrals to specialists and programs.

Southeast Florida Behavioral Health, LLC (CON application #10484) identifies the following list of possible exclusions for admission:

- The program is not designed or equipped to handle patients who are bed ridden or immovable
- Individuals whose prior history of violent or aggressive behavior is assessed beyond the capabilities of staff and physical environment to accommodate (i.e. criminal activity, violent felonies)
- Individuals who have an acute, destabilized medical condition in addition to psychiatric problems
- Individuals who have contracted communicable diseases and require isolation/intensive nursing care
- Individuals who have extensive physical care needs which may be better served elsewhere

The applicant states that the reason for refusal will be explained and possible alternatives and appropriate referrals for treatment will be made.

The applicant also states that patient groups by primary diagnosis that will be excluded from treatment include organic and dementia which would need significant clinical interventions that would not produce positive results. The applicant provides the list of these exclusions as follows:

- Those who are mentally retarded without corresponding affective disturbances or thought disorder
- Those who require custodial care rather than active psychiatric treatment
- Involuntarily admission involving charges for capital offenses (i.e. murder) and felony cases
- Those whose organicity will, in the judgment of a psychiatrist, not progress with a course of inpatient care

5. Therapeutic approaches to be used.

Next Generation Behavioral Health, LLC (CON application #10483) includes the following list of therapeutic approaches to be used:

- Behavior modification
- Coping skills
- Attentive listening
- Social interactive cuing for appropriate responses
- Recognition of stressor and substitute behaviors
- Relaxation therapy
- Stress management
- Anger management
- Avoidance responses
- Compliance behaviors
- Self-awareness and accurate assignment of emotions
- Reflective thought
- Behaviors and their consequences

Southeast Florida Behavioral Health, LLC (CON application #10484) includes the following list of services that will be available through the proposed program:

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

The applicant outlines the following principles of clinical services:

- Multidisciplinary approach incorporating psychiatric, psychosocial and medical components
- Therapeutic milieu designed to encourage patient participation in therapeutic, behavioral, nursing and activity groups
- Components of DBT, CBT and REBT incorporated into clinical groups to develop problems solving and coping skills
- Components of transactional analysis to facilitate appropriate communication techniques and more functional interpersonal relationships
- Implementation of the 12-Step Program in relation to psychiatric conditions

The applicant also includes additional descriptions of other services including: nursing services, individual therapy, family therapy, family and patient education, pharmacology, activities therapy, discharge planning and referral services.

6. Expected sources of patient referrals.

Next Generation Behavioral Health, LLC (CON application #10483) provides the following table indicating the source of patient referrals by admissions from July 2015 – June 2016 below.

University of Miami Hospital: Adult Psychiatric Patient Referrals July 2015 - June 2016				
Admission Source	D 11 Resident Cases	D 11 Percent	U of M Resident Cases	U of M Percent
Non-Health Care Facility	25,187	76.2%	3,088	93.9%
Transfer from Hospital	2,257	6.8%	103	3.1%
Information Not Available	1,675	5.1%	0	0.0%
Transfer within Same Hospital	1,325	4.0%	0	0.0%
Clinic/Physician Office	947	2.9%	74	2.2%
Transfer from other	941	2.8%	10	0.3%
Court/Law Enforcement	561	1.7%	1	0.0%
Transfer from SNF/ICF	161	0.5%	13	0.4%
Transfer from ASC	3	0.0%	0	0.0%
Transfer from Hospice	2	0.0%	0	0.0%
Grand Total	33,059	100.0%	3,289	100.0%

Source: CON application #10483, Page 2-16

The applicant anticipates that the majority of admissions will be derived from non-health care facilities, reflecting voluntary admissions from UM’s psychiatric faculty and the participating community physicians with admitting privileges. The applicant anticipates that historical admissions and sources of referrals will be proportionately similar to future sources of referrals.

Southeast Florida Behavioral Health, LLC (CON application #10484) anticipates that referrals for the proposed project will be obtained from organizations, facilities, and physicians throughout Miami-Dade and Monroe Counties. The applicant also provides a list of referral sources as follows:

- Baptist Health South Florida
- Law enforcement
- US Citizenship and Immigration Services
- Other District 11 hospitals either with or without psychiatric beds
- Attending physicians
- Local psychiatrists, psychologists and other clinicians and physicians
- Department of Children and Families

- Managed care companies
- Residential treatment programs
- Court order (Justice System)
- Skilled nursing facilities
- Assisted living facilities
- Schools and universities
- Word of mouth

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

According to the Florida Center for Health Information and Transparency, hospital discharge data for the 12 months ending on June 30, 2016, the ALOS for patients with MS-DRGs 880-887 treated at District 11 inpatient facilities was 5.42 days.

Next Generation Behavioral Health, LLC (CON application #10483) predicts that the ALOS for the proposed project will be 5.1 days in consideration of the variation of length of stay by payer.

Southeast Florida Behavioral Health, LLC (CON application #10484) projects that the ALOS for the proposed project will be seven days. SFBH maintains that the projection is derived from historical utilization of adult general programs at UHS psychiatric hospitals throughout the State of Florida.

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

Next Generation Behavioral Health, LLC (CON application #10483) provides the following table to account for the projected number of patient days by payer type below.

CON Action Numbers: 10483 and 10484

Utilization for First and Second Years of Operation by Payer Next Generation Behavioral Health						
Payer	Year One Cases CY 2021	Year One Pt. Days CY 2021	Year Two Cases CY 2022	Year Two Pt. Days, CY 2022	% Cases by Payer	% Days by Payer
Commercial Health Insurance	906	4,373	1,185	5,719	21.1%	20.0%
KidCare	1	35	2	46	0.0%	0.2%
Medicaid Managed Care	1,335	6,059	1,746	7,925	31.1%	27.7%
Medicare	968	6,514	1,265	8,520	22.6%	29.8%
Medicare Managed Care	406	1,787	530	2,337	9.5%	8.2%
Non-Payment	63	265	82	347	1.5%	1.2%
Other State/Local Government	13	108	17	142	0.3%	0.5%
Self-Pay	555	2,515	727	3,290	13.0%	11.5%
TriCare/Federal Gov't./CHAMPUS	14	107	19	140	0.3%	0.5%
VA	20	64	26	84	0.5%	0.3%
Workers Compensation	8	43	10	57	0.2%	0.2%
Total	4,289	21,872	5,609	28,607	100.0%	100.0%

Italicized values are incorrect.
Source: CON application #10483, Page 2-17

The following table accounts for the applicant’s projected payer mix included in Schedule 7 of CON application #10483:

Next Generation Behavioral Health, LLC: Projected Payer Mix							
	Self-Pay	Medicaid HMO	Medicare	Medicare HMO	Commercial Insurance	Other Payers	Total
Year One	2,780	6,061	6,515	1,787	4,373	357	21,873
Year Two	3,637	7,925	8,521	2,337	5,719	469	28,608
% Year One	12.7%	27.7%	29.8%	8.2%	20.0%	1.6%	100.0%
% Year Two	12.7%	27.7%	29.8%	8.2%	20.0%	1.6%	100.0%

Source: CON application #10483, Schedule 7, Pages 5-34 – 5-35. Year 1 and Year 2 correspond to CY 2021 and CY 2022.

Southeast Florida Behavioral Health, LLC (CON application #10484) provides the following table to account for the projected payer mix of the proposed project on the following page:

CON Action Numbers: 10483 and 10484

Southeast Florida Behavioral Health: Forecasted Patient Days by Payer		
Payer	Year One: 6/30/2020	Year Two: 6/30/2021
Self-Pay	392	712
Medicaid HMO	2,133	3,560
Medicare	2,287	7,475
Medicare HMO	842	1,424
Other Managed Care	2,692	4,628
Total	8,346	17,799

Source: CON application #10484, Page 78

The applicant projects that 50 – 60 percent of all hospital admissions will be Baker Act patients, accounting for 129 – 154 admissions.

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

Next Generation Behavioral Health, LLC (CON application #10483) references the Hospital Inpatient Data file definition of non-payment: Non-payment includes charity, professional courtesy, no charge, research/clinical trial, refusal to pay/bad debt, Hill Burton free care, research/donor that is known at the time of reporting. The applicant states that 1.2 percent of care provided at UM Hospital falls within this category. The applicant notes that bad debt is treated as lost revenue and not converted into patient days. In CY 2015, UM provided 1.3 percent of charity care, 1.8 percent bad debt, and 12.5 percent Medicaid, per the applicant.

Southeast Florida Behavioral Health, LLC (CON application #10484) will provide financial assistance based on federal poverty guidelines to patients without health insurance or other state or federal health assistance for whom out-of-pocket expenses are significant. The applicant states that financial assistance will be provided based on established protocols and completion of applicable forms. In the event that a patient is deemed indigent, the applicant states that all or a substantial portion of the patient’s bill will be discounted. The applicant defines financially indigent as: those patients who are accepted for medical care who are uninsured or underinsured, who either lack or are significantly limited in the ability to pay for the services rendered. SFBH notes that these patients are also defined as economically disadvantaged and have incomes at or below the federal poverty guidelines. The applicant notes that an individual may also be classified as “categorically needy” by proof of entitlement to some state or

CON Action Numbers: 10483 and 10484

federal programs, e.g. SSI, SNAP (food stamps), Aid to Families with Dependent Children (AFDC⁷) or Medicaid for which entitlement has been established but not available for the expected dates of services.

The applicant defines medically indigent as patients with severe or catastrophic medical expenses but are unable to pay where payment would require substantial liquidation of assets critical to living or would cause undue financial hardship to the family support system. SFBH states that the medically indigent also includes patients with severe or catastrophic medical expenses, where after third-party payers, the residual amount due will cause undue financial hardship on the family support system. The applicant expresses the intent to maintain a charity care policy that mirrors existing policies at affiliate facilities and references copies of these policies in the Supporting Documents supplement of CON application #10484. SFBH expresses the intent to serve patients regardless of their ability to pay.

- f. Quarterly Reports (Rule 59C-1.040(9), Florida Administrative Code). Facilities providing licensed hospital inpatient psychiatric services, including facilities with intensive residential treatment program beds for children and adolescents licensed as specialty hospital beds, shall report to the Agency or its designee, within 45 days after the end of each calendar quarter, the number of hospital inpatient psychiatric services admissions and patient days by age groups (patients under age 18 years and adults).**

Next Generation Behavioral Health, LLC (CON application #10483) notes historical compliance with this criterion and expresses the intent to comply with this criterion.

Southeast Florida Behavioral Health, LLC (CON application #10484) expresses the intent to comply with this criterion.

3. Statutory Review Criteria

- a. Is need for the project evidenced by the availability, quality of care, accessibility and extent of utilization of existing health care facilities and health services in the applicant's service area? ss. 408.035(1)(a) and (b), Florida Statutes.**

⁷ The reviewer notes that AFDC no longer exists and was replaced by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 which established the Temporary Assistance for Needy Families program.

CON Action Numbers: 10483 and 10484

Next Generation Behavioral Health, LLC (CON application #10483)

describes the existing bed supply of District 11 and notes that within Zip Code 33136 beds are concentrated within an area with fewer adults. The applicant describes the available bed supply as over-bedded which is also apparent in the absence of need for additional beds within the area. The applicant states that the facility will relocate beds to a more populated area and cites a letter of support from Kathryn Coppola, Esquire and Executive Director of the National Alliance on Mental Illness in Miami-Dade, endorsing support for adequate mental health services in the area. The applicant states that both partners of the collaboration maintain accreditation through The Joint Commission and that the experience of both partners will afford benefits to the proposed facility.

In evaluation of the relationship between accessibility and need for the proposed project, the applicant describes accessibility as the population's ability to access services as a function of geographic impediments, distance, time to travel, eligibility criteria for qualifying service and payer source considerations. The applicant reiterates that the proposed project will disperse the concentration of beds within the service area which is anticipated to result in increased access to psychiatric services for adults within the district. In consideration of financial access to care, the applicant anticipates that as a result of the maintenance of community physicians and clinical faculty, future payer sources will be consistent with existing operations.

The applicant includes a summary of utilization from District 11 obtained from AHCA Hospital Inpatient Data file from July 2015 – June 2016 for adult psychiatric programs which appears below.

CON Action Numbers: 10483 and 10484

District 11 Adult Psychiatric Patient Days, Occupancy, and Average Daily Census: July 2015 - June 2016						
Hospital	# of Beds	#Bed Days	# of Cases	# Pt. Days	Occupancy	ADC
Aventura Hospital	56	20,440	2,512	15,149	74.1%	42
Hialeah Hospital	12	4,380	43	147	3.4%	0
Jackson Memorial	180	65,700	6,875	46,594	70.9%	128
Jackson North	35	12,775	9	180	1.4%	0
Jackson South	28	10,220	1,720	8,581	84.0%	24
Kendall Regional	23	8,395	1,572	7,865	93.7%	22
Larkin Community	46	16,790	3,058	14,012	83.5%	38
Mercy Hospital	32	11,680	1,722	9,340	80.0%	26
Mount Sinai	89	32,485	2,213	15,057	46.4%	41
North Shore	40	14,600	3,056	10,186	69.8%	28
Palmetto General	48	17,520	3,209	11,991	68.4%	33
Southern Winds	54	19,710	1,913	11,187	56.8%	31
University of Miami	104	37,960	3,289	17,112	45.1%	47
Westchester	27	9,855	1,339	8,217	83.4%	23
Depoo Hospital	25	9,125	529	3,433	37.6%	9
Total	799	291,635	33,059	179,051	61.4%	492

Source: CON application #10483, page 3-4.

Based on the extent of utilization, the applicant determines that an addition of psychiatric beds would not provide a benefit and existing capacities reflect the potential for growth without the addition of a provider. The applicant acknowledges that the addition of mental health beds is possible through exemption and supposes that conditions on the provision of Medicaid and charity care and other monitoring conditions imposed on bed increases by exemption discourage further bed increases.

The applicant states that “lower” occupancy rates at UM’s program represent constriction of the program as a result of competition with the demand for acute care services. The applicant anticipates that the relocation of beds from the hospital campus would result in an increase in the utilization of beds to 75 percent, a level that is comparable to the occupancy rate of affiliate ACH facilities: Park Royal Hospital and North Tampa Behavioral Health.

The applicant provides additional descriptions of conformity with Health Access Criteria as outlined in Rule 59C-1.030(2), Florida Administrative Code on pages 3-6 through 3-9 of CON application #10483.

Southeast Florida Behavioral Health, LLC (CON application #10484)

states that residents of the applicant's identified service area access hospital beds at a disproportionately lower rate than residents in surrounding areas as a result of the geographic distribution of the licensed adult psychiatric bed supply. The applicant specifically states that there are zero beds in SFBH's identified service area and within the 140-miles from Palmetto Bay, Miami-Dade County to Marathon in the upper Florida Keys within Monroe County.

The applicant notes that despite barriers to access, service area residents out-migrate out the identified service area within Miami-based (the service district's) hospital units and notes that since June 30, 2014 there has been a 38 percent growth in the applicant's identified service area discharges from psychiatric hospitals, representing approximately 50 percent of all new psychiatric discharges within District 11 (the service district). Despite this growth, the applicant maintains that suppressed discharge use rates indicate the contrary. The applicant states that residents of the applicant's targeted service area frequently migrate to five hospitals in southern Miami-Dade County, south of Flagler Street. SFBH contends that travel to southern Miami-Dade County is estimated to exceed an hour in travel time. The reviewer notes that outmigration is considered in the context of the entire district, consistent with the fixed need pool determination as outlined by 59C-1.040 Florida Administrative Code, and not within internal landmarks such a particular street within a city, within a county, within a service district.

The applicant notes that occupancy of these facilities ranges between 80 and 91 percent (84.3 percent) exceeding the 75 percent desired average occupancy for hospital inpatient psychiatric beds for adults, pursuant to Rule 59C-1.040(4)(c). The applicant notes that adult psychiatric providers north of Flagler Street function at 58.2 percent which contributes to lowering the District 11 average to 62.8 or 63.5 percent in Miami-Dade County. The applicant determines that the disparity in use between hospitals north and south of Flagler Street is due to the geographic distribution of beds being situated mainly in northern Miami-Dade which masks the need for beds in southern Miami-Dade County.

The applicant states that due to the dearth of beds within its identified PSA, residents are treated in emergency rooms or nearby acute care hospitals for mental illness and not a hospital with psychiatric beds. The applicant states that within the targeted service area for the proposed project many residents are treated in the emergency department (e.g. mainly Homestead Hospital and Mariners Hospital) for mental health disorders and are either discharged without formal inpatient treatment or to a psychiatric provider for crisis stabilization, inpatient admission and/or evaluation. The applicant describes the high

CON Action Numbers: 10483 and 10484

cost of transfers performed by law enforcement officers that require coordination of care, disruption to the patient's health as a result of being treated out of the applicant's identified PSA and being separated from family.

The applicant identifies the following "not normal" factors contributing to need for the proposed project:

- Zero beds in the applicant's self-defined service area (smaller than the service district) results in 100 percent out-migration.
- Excessive capacity of psychiatric hospitals in "southern half of Miami-Dade County"—the five hospitals south of Flagler Street account for 19 percent of the district's psychiatric beds but 27 percent of the District's patient days. These five hospitals have a combined occupancy rate of 84.3 percent compared to 58.2 percent occupancy amongst Miami-Dade group of psychiatric hospitals north of Flagler Street.
- Growth in service area inpatient psychiatric volume—significant growth in service area psychiatric inpatient discharge volume in just the past few years represents a 38 percent increase, 560 new cases. These 560 new cases represent 49 percent of all new volume in District 11.
- Suppressed discharge use rates per 1,000 population—discharge use rates are lower in applicant's self-defined PSA compared to the balance of District 11 due to a lack of proximate inpatient beds.
- Emergency department and inpatient utilization of hospitals without psychiatric beds.

The applicant states that the proposed adult behavioral hospital is a needed resource and anticipates that benefits will be conferred to the project as a result of the existing resources of the parent company's facilities in neighboring Broward County.

In evaluation of the quality factors contributing to need for the proposed project, the applicant will implement use of policies and procedures, quality assurance programs, and performance improvement plans in place at UHS adult psychiatric hospitals. The applicant describes the current standing of UHS' Behavioral Health Division as the largest provider of behavioral health services in the United States. SFBH maintains that UHS prioritizes expanding programs and services to meet the needs of quality treatment. The applicant reiterates that UHS voluntarily measures clinical outcomes, an eventual requirement of behavioral health providers. SFBH notes that UHS facilities exceed the national average in nine of 12 quality indicators and maintains that patient satisfaction is a central indicator of the effectiveness of its

CON Action Numbers: 10483 and 10484

treatment programs. The applicant notes that in 2016, UHS patients rated their overall care as 4.5 out of five in patient satisfaction surveys and more than 92 percent of patients described feeling better following care at a UHS facility and would refer services.

The applicant states that UHS implements an individualized approach to each facility, offers a wide array of inpatient and outpatient programs, and caters treatment and services to the needs of communities served. The applicant seeks accreditation of all facilities through The Joint Commission and Commission on Accreditation of Rehabilitation Facilities and seeks licensure through Centers for Medicare and Medicaid Services, AHCA and/or Department of Children and Family Services. The applicant also states to serve voluntary and involuntary admissions. The applicant expresses a commitment to fill a void of adult inpatient behavioral programming in southern Miami-Dade County and northern Monroe County and will make use of existing services at neighboring facilities.

The applicant indicates that it will offer a full continuum of care to offer the best therapeutic options and relapse prevention possible for those residents afflicted with behavioral health disease and disorders. The applicant also notes that the facility will be the first to admit and treat Baker Act patients with Baker Act patients having a separate entrance, triage and holding area from voluntary admissions.

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

Next Generation Behavioral Health, LLC (CON application #10483) indicates that the resources and expertise available through UM and AHC will confer benefits to the proposed project. Specifically, the applicant notes AHC's partnerships with academic entities supporting the provision of psychiatric and substance abuse services. The applicant also discusses the potential impact of the proposed project at UM and anticipates that the adult psychiatric program will be enhanced by the proposed project and afford learning, research and practical opportunities for students, medical interns, physician fellows and collaboration with community professionals in a non-institutional setting.

CON Action Numbers: 10483 and 10484

The applicant provides a list of the following anticipated benefits of the proposed project:

- Become a resource for the development and advancement of clinical standards of care in the behavioral health and substance abuse to professionals while providing patients with the latest enhancements in care
- Provide patients with the evidence-based treatment protocols based on each person's needs
- Remain focused upon dissemination of practice guidelines and treatment protocols to physicians and other working within the behavioral health field
- Promote community integration of behavioral health resources
- Sustain and foster a competent workforce through ongoing education, skill acquisition and technical expertise to fulfill career pathways in a patient-centered environment

The applicant underscores the relationship between accreditation by The Joint Commission and compliance with Medicare and Medicaid Conditions of Participation. The applicant also states that psychiatric providers select Behavioral Health Standards that are relevant to their programming and services and that both collaborators for the proposed project's preferences for The Joint Commission reflect a joint focus on quality and patient safety.

The applicant describes quality assessment processes of The Joint Commission which include: on-site reviews, policy/procedure assessments and tools to monitor individual progress in meeting care, treatment and/or service goals. The applicant states that the proposed project will be accredited by The Joint Commission through a triadic quality reporting model consisting of three components: trust, report and improve.

The applicant includes a description of the Quality Check program, a reporting component of National Quality Improvement Goals. The applicant notes that for the most recent reporting period (July 2015 through June 2016), psychiatric hospitals reported on quality measures: multiple antipsychotic medications at discharge with appropriate documentation, physical restraint use, seclusion use and assessment of violence risk, substance disorder, trauma and patient strengths. A Performance Improvement and Safety Committee is also included to review the hospital-based inpatient psychiatric services from the Joint Commission's national quality measures. The applicant notes that two affiliate facilities, Park Royal and North Tampa Behavioral Health, meet or exceed the goals of The Joint Commission. The applicant notes

CON Action Numbers: 10483 and 10484

maintenance of a quality and safety committee which reviews grievances, compliance and risk management issues and the participation of privacy and compliance officers in performance improvement.

The applicant states to provide patients with a document of patients' rights upon admission as outlined in Florida's Mental Health Act (Section 394.459, Florida Statutes). The applicant includes a supplemental attachment of UM Hospital's policy on Behavioral Health Patient Rights in Exhibit 4-2 of CON application #10483.

The applicant's performance improvement process consists of a circular process of five components which consists of:

- Identify target areas for improvement
- Determine what processes can be modified to improve outcomes
- Develop and execute effective strategies to improve quality
- Track performance and outcomes
- Disseminate results to spur broad quality improvement

The applicant maintains that the performance improvement process adjusts for changes in benchmarks and states that continuous quality improvement requires a cohesive effort in reporting initiatives to focus on quality and the use of data to identify targets for collaboration toward modifications.

The applicant references the Comprehensive Unit-Based Safety Program (CUSP) as a performance improvement process that is used to educate hospital staff in safety protocols and outlines key aspects which include:

- Training staff in the science of safety to understand the principles of standardizing care processes and lists
- Engaging staff to identify potential areas for improvement by reviewing incident reports
- Encouraging senior leaders to make safety rounds with clinicians
- Implementing CUSP tools for improvement

The applicant provides a description of a Performance Improvement Committee which consists of diverse staff that receive training on the Performance Improvement Plan. The applicant indicates that the committee meets at least monthly and members rotate to the committee yearly and hold membership for a minimum of two years. The applicant states that meetings are documented by a Performance Improvement Coordinator. The applicant includes a sample of the agenda for the Performance Improvement Committee on pages 4-9 through 4-10 of CON application #10483.

CON Action Numbers: 10483 and 10484

The applicant provides the following list of Performance Improvement Objectives:

- Meet/exceed the CMS-Conditions of Participation (COP)
- Meet/exceed The Joint Commission Standards and state specific regulations related to hospitals and the provision of patient care services
- Implement the Joint Commission ORYX Performance Measure Requirements for Inpatient Psychiatric Services
- Improve the appropriateness and effectiveness of hospital-wide services
- Upgrade staff performance and competency
- Prevent or eliminate barriers to good patient care
- Assist in resolving service delivery problems
- Assist in taking action when improvement is desired or recommended
- Enhance collaboration and coordination among departments and disciplines
- Increase the collection and use of customer feedback and measurement of outcomes for improvement

The applicant indicates that as part of the accreditation sought from The Joint Commission, the following sample indices of performance improvement monitors:

- National patient safety goals
- Joint Commission Hospital Based Inpatient Psychiatric Services Care Measure Set
- Occurrence screens
- Patient rights
- Satisfaction surveys

The applicant provides the following summary of the intended quality improvement process which is included below:

- Utilizes principles of quality measurement based on data collection, objective analysis and results dissemination
- Offers clinicians and administrators objective information, which they can use for purposes of review, patient management and quality measurement
- Is grounded in the concept of continuous quality improvement, through regular feedback of information and performance
- Promotes integration and communication between hospital disciplines, medical staff and administration to continuously improve processes which affect patient care

CON Action Numbers: 10483 and 10484

The applicant identifies the following five components of the quality improvement process:

- Plan: identify a problem or process to improve.
- Design: identify important functions and dimensions of performance impacted, determine if performance improvement is necessary and if performance improvement team is to be formed—select members.
- Measure: select indicators to be measured and collect data.
- Aggregate and analyze: analyze the data. Use performance improvement tools to assist in analyzing results: (histogram, Pareto chart, run chart). Determine if action is necessary and if so, implement the action. Educate staff, management, and medical staff on changes. Determine the effectiveness of the action.
- Improve: verify the quantifiable improvements exist. Incorporate the plan and/or solution into department policy or standards. Inform and educate all involved. Distribute the new policy/standard to all key individuals. May monitor periodically to ensure improvement is maintained.

Next Generation Behavioral Health, LLC is a newly formed entity. The substantiated complaint history for AHC and UM Hospital, collaborative partners of the proposed project is included below.

The following table accounts for substantiated complaint history of facilities operated by AHC from the period between March 8, 2014 and March 8, 2017. A single complaint can encompass multiple complaint categories.

Acadia Healthcare Company, Inc. 36-Month Substantiated Complaint History		
Facility	Complaint Category	Number Substantiated
North Tampa Behavioral Health	Residential/Patient/Client Assessment	1
North Tampa Behavioral Health	Residential/Patient/Client Rights	1
Park Royal Hospital	Dietary Services	1
Park Royal Hospital	State Licensure	4
Park Royal Hospital	Infection Control	1
Park Royal Hospital	Administration/Personnel	2
Park Royal Hospital	Nursing Services	1
Park Royal Hospital	Quality of Care Treatment	1
Park Royal Hospital	Resident/Patient/Client Rights	1
Total		13

Source: Florida Agency for Healthcare Administration Complaint Records

The following table accounts for the three-year substantiated complaint history for facilities operated by UM for the period between March 8, 2014 and March 8, 2017. A single complaint can encompass multiple complaint categories.

CON Action Numbers: 10483 and 10484

University of Miami - 36 Month Substantiated Complaint History		
Facility	Complaint Category	Number Substantiated
University of Miami	Quality of Care/Treatment	1
University of Miami	Nursing Services	1
Total		2

Source: Florida Agency for Healthcare Administration Complaint Records

Southeast Florida Behavioral Health, LLC (CON application #10484)

does not have a history of providing quality as a newly formed entity. Upon approval of the certificate of need application, the applicant intends to implement the applicant will implement use of policies and procedures, quality assurance programs, and performance improvement plans in place at UHS adult psychiatric hospitals and seek accreditation through The Joint Commission. The applicant expresses a commitment to provide the highest quality of care and includes the mission of UHS which is reproduced as follows:

- The UHS mission is to provide quality healthcare services that patients recommend to families and friends, physicians prefer for their patients, purchasers select for their clients, employees are proud of and investors seek for long-term results

The applicant states that the parent company of the proposed project maintains an extensive compliance program and works to maintain quality outcomes and areas for improvement. SFBH notes that priorities of the quality health care services will center on the following:

- Provide timely, professional, effective and efficient service to all customers
- Identify key needs and assess how well we meet those needs
- Continuously improve services and measure progress

The applicant states that areas of concentration for these goals will include: employee development, ethical and fair treatment of all, teamwork, compassion and innovation in service delivery.

Quality for the proposed program will be implemented through the use of an annual Performance Improvement Plan (PIP). The PIP will work to improve the important functions and processes of the organization, increase the quality of care and patient outcomes, determine priorities for improving systems and processes, identify a framework for improving organization-wide systems/processes and enhance operational efficiency. The applicant intends to use an approach of planning, design, measurement, assessment and improvement of services provided. A range of staff will collaborate in the performance improvement process and performance improvement will be targeted at inpatient, residential,

CON Action Numbers: 10483 and 10484

outpatient and partial hospitalization programs that improve outcomes of patient and residential care and tailored to assure a uniform balance of patient care through a continuum of services.

The applicant provides a descriptive list of the following components of the Performance Improvement Program which is included below:

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

The applicant will also implement continuing education as a part of its quality process and states that training will focus on service excellence, quality care and quality service. SFBH maintains that employees will ultimately develop a service excellence action plan and personal commitment statement designed to deliver quality service. The applicant also intends to partner with educational institutions and provide students with on-site training, clinical rotations and internship sites. A list of course offerings is available on pages 87 – 88 of CON application #10484.

The following table depicts the three-year substantiated complaint history for facilities operated by Universal Health Services for the period between March 8, 2014 and March 8, 2017. A single complaint can encompass multiple complaint categories.

CON Action Numbers: 10483 and 10484

Universal Health Services		
Facility	Complaint Category	Number Substantiated
Atlantic Shores Hospital	State Licensure	1
Atlantic Shores Hospital	Resident/Patient/Client Rights	2
Central Florida Behavioral Hospital	Dietary Services	1
Fort Lauderdale Hospital	Resident/Patient/Client Abuse	1
Fort Lauderdale Hospital	Quality of Care/Treatment	1
Fort Lauderdale Hospital	Nursing Services	1
Fort Lauderdale Hospital	Resident/Patient/Client Rights	2
Fort Lauderdale Hospital	State Licensure	1
River Point Behavioral Health	Resident/Patient/Client Rights	1
Suncoast Behavioral Health Center	State Licensure	1
Suncoast Behavioral Health Center	EMTALA	1
Suncoast Behavioral Health Center	Quality of Care/Treatment	4
Suncoast Behavioral Health Center	Emergency Access	1
Suncoast Behavioral Health Center	Resident/Patient/Client Assessment	1
The Vines Hospital	Physical Environment	1
The Vines Hospital	Unqualified Personnel	1
University Behavioral Center	State Licensure	1
University Behavioral Center	Nursing Services	3
University Behavioral Center	Resident/Patient/Client Abuse	1
University Behavioral Center	Quality of Care/Treatment	1
University Behavioral Center	Restraints/Seclusion General	1
University Behavioral Center	Resident/Patient/Client Rights	1
Total		29

Source: Florida Agency for Healthcare Administration Complaint Records, March 8, 2014 – March 8, 2017.

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

CON Action Numbers: 10483 and 10484

Next Generation Behavioral Health, LLC (CON application #10483)

Acadia Healthcare Company, Inc.		
	Dec-16	Dec-15
Current Assets	\$427,927,000	\$294,736,000
Total Assets	\$6,024,726,000	\$4,279,208,000
Current Liabilities	\$342,865,000	\$290,203,000
Total Liabilities	\$3,839,248,000	\$2,588,125,000
Net Assets	\$2,167,724,000	\$1,683,028,000
Total Revenues	\$2,810,914,000	\$1,794,492,000
Excess of Revenues Over Expenses	\$32,955,000	\$164,753,000
Cash Flow from Operations	\$361,478,000	\$240,403,000
Short-Term Analysis		
Current Ratio (CA/CL)	1.2	1.0
Cash Flow to Current Liabilities (CFO/CL)	105.43%	82.84%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	161.3%	136.5%
Total Margin (ER/TR)	1.17%	9.18%
Measure of Available Funding		
Working Capital	\$85,062,000	\$4,533,000

Position	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 - 1.0	< 1.0
Cash Flow to Current Liabilities	>150%	150%-100%	100% - 50%	50% - 0%	< 0%
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%
Total Margin	> 12%	12% - 8.5%	8.5% - 5.5%	5.5% - 0%	< 0%

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$67,618,230 which includes \$48,167,585 for this project and an additional \$19,450,645 for a residential treatment facility project. The applicant indicates on Schedule 3 of the application that the total funding for this project will be provided by cash on hand. To support this assumption, the applicant provided both a letter of commitment from the applicant's parent company pledging funding to the applicant and a copy of the parent's most recent 10K filed with the SEC. The financial statement provided indicated cash and cash equivalents in excess of \$57 million as of December 31, 2016 and cash flows from operations in excess 361.4 million for FYE 2016.

CON Action Numbers: 10483 and 10484

Conclusion: Funding for this project and the entire capital budget should be available to the applicant as needed.

Southeast Florida Behavioral Health, LLC (CON application #10484)

Universal Health Services, Inc. Hospitals in the State of Florida		
	Dec-15	Dec-14
Current Assets	\$110,069,000	\$103,780,000
Total Assets	\$613,095,000	\$609,461,000
Current Liabilities	\$129,556,000	\$123,060,000
Total Liabilities	\$444,966,000	\$481,873,000
Net Assets	\$168,129,000	\$127,588,000
Total Revenues	\$673,333,000	\$640,582,000
Excess of Revenues Over Expenses	\$45,182,000	\$43,852,000
Cash Flow from Operations	\$111,605,000	\$80,023,000
Short-Term Analysis		
Current Ratio (CA/CL)	0.8	0.8
Cash Flow to Current Liabilities (CFO/CL)	86.14%	65.03%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	187.6%	281.2%
Total Margin (ER/TR)	6.71%	6.85%
Measure of Available Funding		
Working Capital	(\$19,487,000)	(\$19,280,000)

Position	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 - 1.0	< 1.0
Cash Flow to Current Liabilities	>150%	150%-100%	100% - 50%	50% - 0%	< 0%
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%
Total Margin	> 12%	12% - 8.5%	8.5% - 5.5%	5.5% - 0%	< 0%

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$27,219,951 which includes this project and an additional \$25,000 of routine capital expenditures for each of FYE 2020 and 2021. The applicant indicates on Schedule 3 of its application that the total funding for this project will be provided by operating cash flows. To support this assumption, the applicant provided both a letter of commitment from the applicant's ultimate parent company (Universal Health Services) pledging

funding to the applicant and a copy of the parent's subsidiary, Universal Health Services, Inc. Hospitals in the State of Florida, FYE 2014 and 2015 audited financial statements. The 2015 audit indicated cash flows from operations in excess of \$111.6 million.

Conclusion: Funding for this project and the entire capital budget should be available to the applicant as needed.

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

Analysis:

A comparison of the applicant's estimates to the control group values provides for an objective evaluation of financial feasibility (the likelihood that the services can be provided under the parameters and conditions contained in Schedules 7 and 8) and efficiency (the degree of economies achievable through the management skills of the applicant). In general, projections that approximate the median are the most desirable and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the lowest in the group, it is less likely that the project is feasible because a much higher level of economies must be realized to achieve the desired outcome. These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go beyond the relevant range of outcomes, revenues and expenses may go either beyond what the market will tolerate or may decrease to levels where activities are no longer sustainable. Per Diem rates are projected to increase by an average of 3.0 percent per year. Inflation adjustments were based on the new CMS Market Basket, 3rd Quarter, 2016.

NRPD, CPD and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

CON Action Numbers: 10483 and 10484

Next Generation Behavioral Health, LLC (CON application #10483):

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	29,289,542	1,024	1,004	736	207
Total Expenses	27,037,668	945	939	687	518
Operating Income	2,251,874	79	149	7	-220
Operating Margin	7.69%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	28,608	75.36%	99.85%	76.31%	35.63%
Medicaid/MDCD HMO	7,925	27.71%	34.80%	0.00%	0.00%
Medicare	10,858	37.96%	75.76%	43.23%	10.50%

The projected NRPD and CPD are slightly higher than the control group’s high value. The projected profitability falls within the control group’s median and high values.

Conclusion: This project appears to be financially feasible based on the projections provided by the applicant. However, the net revenues and total expenses appear high and may not be achievable.

Southeast Florida Behavioral Health, LLC (CON application #10484)

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	13,178,386	740	980	718	202
Total Expenses	10,635,970	598	916	671	505
Operating Income	2,542,416	143	149	7	-220
Operating Margin	19.29%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	17,799	60.96%	99.85%	76.31%	35.63%
Medicaid/MDCD HMO	3,560	20.00%	34.80%	0.00%	0.00%
Medicare	8,899	50.00%	75.76%	43.23%	10.50%

The projected NRPD and profitability fall within the control group’s median and high values. The projected CPD falls within the control group’s median and low values.

Conclusion:

This project appears to be financially feasible based on the projections provided by the applicant.

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

Analysis: Strictly from a financial perspective, the type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the hospital industry, price-based competition is limited. With a large portion of the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. In addition, competitive forces truly do not begin to take shape until existing business' market share is threatened. The existing health care system's barrier to price-based competition via fixed price payers limits any significant gains in cost-effectiveness and quality that would be generated from competition.

Conclusion: These projects are not likely to have a material impact on competition to promote quality and cost-effectiveness.

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

Next Generation Behavioral Health, LLC (CON application #10483):

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

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final

CON Action Numbers: 10483 and 10484

responsibility for facility compliance ultimately rests with the applicant. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction involving a hospital, nursing home, or intermediate care facility for the developmentally disabled (ICF/DD).

Southeast Florida Behavioral Health, LLC (CON application #10484):

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

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction involving a hospital, nursing home, or intermediate care facility for the developmentally disabled (ICF/DD).

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

Next Generation Behavioral Health, LLC (CON application #10483):

Next Generation Behavioral Health is a newly formed entity. The applicant maintains that UM Hospital, a collaborative partner in the proposed project, provides care to all persons of a variety of payer sources like charity care and Medicaid. The applicant discusses the operation of facilities operated by AHC, Park Royal and North Tampa Behavioral Health, which also provide services to medically indigent persons and recipients covered by Medicaid Managed Care Plans.

The applicant provides the following table to account for the projected payer mix at the proposed project which is included on page 9-2 of CON application #10483.

CON Action Numbers: 10483 and 10484

Utilization for First and Second Years of Operation by Payer: Next Generation Behavioral Health						
Payer	Year One Cases CY 2021	Year One Pt. Days CY 2021	Year Two Cases CY 2022	Year Two Pt. Days, CY 2022	% Cases by Payer	% Days by Payer
Commercial Health Insurance	906	4,373	1,185	5,719	21.1%	20.0%
KidCare	1	35	2	46	0.0%	0.2%
Medicaid Managed Care	1,335	6,059	1,746	7,925	31.1%	27.7%
Medicare	968	6,514	1,265	8,520	22.6%	29.8%
Medicare Managed Care	406	1,787	530	2,337	9.5%	8.2%
Non-Payment	63	265	82	347	1.5%	1.2%
Other State/Local Government	13	108	17	142	0.3%	0.5%
Self-Pay	555	2,515	727	3,290	13.0%	11.5%
TriCare/Federal Gov't./CHAMPUS	14	107	19	140	0.3%	0.5%
VA	20	64	26	84	0.5%	0.3%
Workers Compensation	8	43	10	57	0.2%	0.2%
Total	4,289	21,872	5,609	28,607	100.0%	100.0%

Italicized values are incorrect.
Source: CON application #10483, page 9-2.

The following table accounts for the applicant’s projected payer mix included in Schedule 7 of CON application #10483 below:

Next Generation Behavioral Health, LLC: Projected Payer Mix							
	Self-Pay	Medicaid HMO	Medicare	Medicare HMO	Commercial Insurance	Other Payers	Total
Year One	2,780	6,061	6,515	1,787	4,373	357	21,873
Year Two	3,637	7,925	8,521	2,337	5,719	469	28,608
% Year One	12.7%	27.7%	29.8%	8.2%	20.0%	1.6%	100.0%
% Year Two	12.7%	27.7%	29.8%	8.2%	20.0%	1.6%	100.0%

Source: CON application #10483, Schedule 7, pages 5-34 and 5-35. Year One and Year Two correspond to CY 2021 and CY 2022.

The applicant states that the project will result in a shift of clinical personnel and programs from UM Hospital and patient days reflect historical experience at the existing location from July 2015 – June 2016. The applicant projects that self-pay will account for 12.7 percent of total patient days in years one and two and that Medicaid will account for 27.7 percent of patient days in years one and two. The applicant does not propose a Medicaid or charity care condition.

Southeast Florida Behavioral Health, LLC (CON application #10484) provides the following forecasted provision of care to Medicaid-eligible persons and other payers as represented in Schedule 7 of CON application #10484:

CON Action Numbers: 10483 and 10484

Projected Payer Mix: Southeast Behavioral Health, LLC						
	Self-Pay	Medicaid HMO	Medicare	Medicare HMO	Other Managed Care	Total
Year One	392	2,133	2,287	842	2,692	8,346
Year Two	712	3,560	7,475	1,424	4,628	17,799
% Year One	4.70%	25.56%	27.40%	10.09%	32.25%	100.00%
% Year Two	4.00%	20.00%	42.00%	8.00%	26.00%	100.00%

Source: CON application #10484, Schedule 7. Year 1 and Year 2 correspond to CY 2020 and CY 2021.

The applicant reiterates the historical exclusion of freestanding psychiatric and substance abuse hospitals from Medicaid Fee for Service. The applicant anticipates that upon licensing, Medicaid Fee for Service patients will be absent from Florida. The applicant references the historical experience of the parent company and affiliate facilities in contracting with Medicaid HMO plans and expects that relationships with existing Medicaid HMO plans will serve as beneficial when pursuing future contracts. The applicant expresses an intent to contract with Medicaid HMO plans and provide charity care. In reference to AHCA Inpatient Data Tapes for the year ending on June 30, 2016, the applicant notes that UHS' adult psychiatric hospitals within Florida provided 15.8 percent of total patient days to Medicaid HMO and 3.3 percent of patient days to charity care.

The applicant includes the following table depicting the historical provision of care by UHS facilities by payer for adult MDC 19 patients.

UHS Florida Hospitals: Adult MDC 19 Patient Days by Payer, 12 Months ending June 30, 2016		
Payer	Patient Days	Percent of Total Patient Days
Charity	5,046	3.3%
Self Pay/Underinsured	4,316	2.8%
Medicaid HMO	24,036	15.8%
Medicaid	1,743	1.1%
Medicare	41,579	27.3%
Medicare HMO	16,771	11.0%
Comm. Insurance	37,920	24.9%
Other	20,735	13.6%
Total	152,146	100.0%

Source: CON application #10484, Page 98. AHCA Inpatient Data Tapes and NHA Analysis

CON Action Numbers: 10483 and 10484

The applicant expresses the intent to contract with all major managed care companies that participate in Medicaid. In the second year of operations, the applicant projects that 20 percent of total patient days will be allocated to Medicaid HMO and four percent of patient days will account for self-pay. The applicant notes that CON application #10484 is conditioned upon the approval of at least 20 percent of total patient days to a combined provision of Medicaid HMO/charity care/self-pay patients beginning in the second year of operations.

F. SUMMARY

Next Generation Behavioral Health, LLC (CON application #10483) identifies the proposed project as a collaboration between UM and AHC which will result in the relocation of 104 licensed adult psychiatric beds from UM Hospital to a site within Miami-Dade County that will accommodate a behavioral health campus. The applicant notes that the proposed project also includes plans for an 80-bed adult RTF and other behavioral health services.

AHC operates two adult psychiatric hospitals and one RTF within the State of Florida. Three hospitals are under the operation of UM within the State of Florida.

The proposed project involves a total project cost of \$48,167,585. The applicant indicates that the project will consist of 102,700 GSF of new construction and a total construction cost of \$27,945,000.

The applicant includes one Schedule C Condition.

The applicant includes a letter in Exhibit 1-2 of Schedule B of CON application #10483, signed by Steven M. Altschuler, Senior Vice President for Health and Affairs and Chief Executive Officer of UM Health System acknowledging the agreement to voluntarily relinquish and delicense 104 adult inpatient beds from UM Hospital for the applicant's proposed project. The reviewer notes that University of Miami could add adult psychiatric beds to University of Miami Hospital at any time after delicensing the above referenced agreement through exemption pursuant to 59C-1.005 (6)(i), Florida Administrative Code.

Southeast Florida Behavioral Health, LLC (CON application #10484) is a newly formed entity. UHS is the parent company of Southeast Florida Behavioral Health, LLC

The applicant describes the proposed project as an 80-bed Class III specialty hospital in southern Miami-Dade County that will primarily

CON Action Numbers: 10483 and 10484

serve the residents of southern Miami-Dade County and northern Monroe County, with a secondary service area to serve the rest of Service District 11. The applicant intends to provide services to adults with a primary mental health diagnosis, a dual diagnosis, substance abuse, offering specialized behavioral health care including a specialized geriatric psychiatric program.

The applicant does not intend to include a residential program but will instead offer a partial hospitalization program and an array of outpatient services. The applicant intends to include a full continuum of care as defined by the Institute of Medicine which includes: inpatient, residential, intermediate (partial hospitalization program) and outpatient.

UHS currently operates nine adult psychiatric hospitals in the State of Florida and is expected to operate an additional facility in Martin County (Coral Shores Behavioral Health), which will specialize in adult psychiatric care for seniors in June 2017.

The proposed project involves a total project cost of \$27,169,951. The project will consist of 51,615 GSF of new construction and a total construction cost of \$16,516,146.

The applicant includes four Schedule C conditions.

Need

Next Generation Behavioral Health, LLC (CON application #10483)

identifies the following areas of need for the proposed project:

- Reduce the concentration of adult psychiatric beds in Zip Code 33136 and surrounding ones
- Disperse resources within communities that foster opportunities for receiving care, promoting education and implementing evidence-based services
- Remove locational impediments to program expansions
- Create a living laboratory that links research to an applied setting with the result of expanding evidence-based treatment protocols
- Enhance educational and research opportunities from an institutional base to include wider community partnerships
- Expand community-based options for long-term support for adults with psychiatric disorders

CON Action Numbers: 10483 and 10484

Based on the existing bed supply and utilization within District 11, the applicant identifies the project as a dispersion of beds, from which an adverse impact is not anticipated. The applicant expects the proposed location to result in a continuum of care that includes outpatient services, partial hospitalization services and residential treatment on the proposed facility campus. The applicant identifies the project as a collaboration between UM and AHC which will disperse 104 beds located at UM Hospital from an urban core to a new building on a larger site that will offer an RTF with a continuum of care for adults who require residential supervision during the post-hospital period.

Southeast Florida Behavioral Health, LLC (CON application #10484) identifies the following “not normal” factors contributing to need for the proposed project:

- Zero beds in the applicant’s self-defined service area (smaller than the service district) results in 100 percent out-migration.
- Excessive capacity of psychiatric hospitals in “southern half of Miami-Dade County”—the five hospitals south of Flagler Street account for 19 percent of the district’s psychiatric beds but 27 percent of the district’s patient days. These five hospitals have a combined occupancy rate of 84.3 percent compared to 58.2 percent occupancy amongst the Miami-Dade group of psychiatric hospitals north of Flagler Street.
- Growth in service area inpatient psychiatric volume—significant growth in service area psychiatric inpatient discharge volume in just the past few years represents a 38 percent increase, 560 new cases. These 560 new cases represent 49 percent of all new volume in District 11.
- Suppressed discharge use rates per 1,000 population—discharge use rates are lower in applicant’s self-defined PSA compared to the balance of District 11 due to a lack of proximate inpatient beds.
- Emergency department and inpatient utilization of hospitals without psychiatric beds.

The reviewer notes that outmigration is considered in the context of the entire district, consistent with the fixed need pool determination as outlined by 59C-1.040 Florida Administrative Code, and not within internal landmarks such a particular street within a city, within a county, within a service district.

The Agency notes that at the public hearing requested for these projects participants in opposition to the proposed projects presented information and provided written documentation on projected adverse impact, utilization of existing beds, need for new beds, population dynamics of the service district, financial accessibility, cost effectiveness and programmatic design of existing services. The opposition maintained

CON Action Numbers: 10483 and 10484

that neither applicant met the statutory or rule criteria to merit approval for the proposed new projects.

In absence of published need, the burden to prove need for the proposed project within the specific and unique circumstances for the residents of the identified service district (District 11) upon examination of data on existing services and utilization in the service district is incumbent upon the applicant. The Agency has determined that within the context of the criteria specified in Section 408.035 (1), F.S. and Rule 59C-1.040, F.A.C., CON application #10483 demonstrated that it will enhance access to mental health services for residents of District 11 and need for the proposed project, provided that the applicant maintains the collaboration and partnership with University of Miami expressed in the application—in order to avoid the unnecessary duplication of services, promote cost effectiveness and not effect the availability of resources for the accomplishment of the operation of the proposed project. The Agency has also determined, within this same context, need for the project proposed in CON application #10484 was not established nor did the applicant, on balance with the statutory and rule review criteria, demonstrate circumstances within the service district as a whole that would merit approval of the proposed project.

Quality of Care

Both co-batched applicants demonstrated the ability to provide quality care. In addition, neither applicant indicated that there were perceived quality issues at existing mental health providers in the service district

Next Generation Behavioral Health, LLC (CON application #10483) is a newly-formed entity without a quality history. The applicant expresses the intent to seek accreditation through The Joint Commission for the proposed project. The applicant notes that both affiliate facilities of AHC and UM Hospital seek accreditation through The Joint Commission signifying a joint effort and historical capacity to provide and implement care through the proposed project. The applicant summarizes the anticipated benefits of the proposed project, the quality improvement process and mechanisms of the quality improvement process.

During the three-year period between March 8, 2014 and March 8, 2017 facilities operated by AHC had 14 substantiated complaints. Facilities operated by UM for the same period had two substantiated complaints.

CON Action Numbers: 10483 and 10484

Southeast Florida Behavioral Health, LLC (CON application #10484) is a newly formed entity without a quality history. The applicant intends to implement the quality policies and programming at existing UHS facilities. The applicant expresses a commitment to provide the highest quality of care and states that the UHS mission is to provide quality healthcare services that patients recommend to families and friends, physicians prefer for their patients, purchasers select for their clients, employees are proud of and investors seek for long-term results.

Quality for the proposed program will be implemented through the use of an annual Performance Improvement Plan (PIP). The PIP will work to improve the important functions and processes of the organization, increase the quality of care and patient outcomes, determine priorities for improving systems and processes, identify a framework for improving organization-wide systems and processes, and enhance operational efficiency. The applicant will also implement continuing education as a part of its quality process, seek partnerships with educational institutions, and provide students with on-site training, clinical rotations, and internship sites.

During the three-year period between March 8, 2014 and March 8, 2017 facilities operated by Universal Health Services had 29 substantiated complaints.

Cost/Financial Analysis

Next Generation Behavioral Health, LLC (CON application #10483): Funding for this project and the entire capital budget should be available to the applicant as needed. This project appears to be financially feasible based on the projections provided by the applicant. However, the net revenues and total expenses appear high and may not be achievable. This project is not likely to have a material impact on competition to promote quality and cost-effectiveness.

Southeast Florida Behavioral Health, LLC (CON application #10484): Funding for this project and the entire capital budget should be available to the applicant as needed. This project appears to be financially feasible based on the projections provided by the applicant. This project is not likely to have a material impact on competition to promote quality and cost-effectiveness.

Medicaid/Indigent Care

Next Generation Behavioral Health, LLC (CON application #10483) states that the project will result in a shift of clinical personnel and programs from UM Hospital and patient days reflect historical experience at the existing location from July 2015 – June 2016. The applicant projects that self-pay will account for 12.7 percent of total annual patient days in years one and two and that Medicaid HMO will account for 27.7 percent of patient days in years one and two—year one and two correspond to CY 2021 and CY 2022. The applicant does not condition CON application #10483 on a minimum provision of care to Medicaid or indigent patients.

Southeast Florida Behavioral Health, LLC (CON application #10484): The applicant projects that self-pay will account for 4.70 percent of total patient days in year one and 4.0 percent of patient days in year two. The applicant projects that Medicaid HMO will account for 25.56 percent of total annual patient days in year one and 20.0 percent of patient days in year two. SFBH conditions CON application #10484 on the provision of at least 20 percent of its total hospital patient days to a combination of Medicaid HMO/charity/self-pay payors by year two of operation and thereafter.

Architectural Analysis

Next Generation Behavioral Health, LLC (CON application #10483): A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

Southeast Florida Behavioral Health, LLC (CON application #10484): A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

G. RECOMMENDATION

Approve CON #10483 to establish a new 104-bed adult inpatient psychiatric hospital. The total project cost is \$48,167,585. The project involves 102,700 GSF of new construction and a total construction cost of \$27,945,000.

CONDITIONS:

- (1) To move the 104 adult psychiatric beds currently operating at the University of Miami Hospital to the proposed behavioral health campus to be located in Miami-Dade County. The University of Miami Hospital has agreed to voluntarily delicense the 104 adult psychiatric beds once the project is approved and constructed.
- (2) The applicant will become a designated Baker Act Receiving Facility upon licensure.
- (3) The applicant will collaborate with the University of Miami in the operation of a 104-bed adult inpatient psychiatric hospital. A minimum of 88 FTEs of clinical personnel and program staff for the facility will be provided by the University of Miami. All programs in operation at University of Miami on June 2, 2017, at a minimum, will be present at the 104-bed adult inpatient psychiatric facility.
- (4) The applicant will provide a minimum of 35 percent of total patient days to Medicaid, Medicaid HMO, charity care and self-pay payors

Deny CON #10484.

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