

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Covenant Hospice, Inc./CON #9475
2001 North Palafox Street
Pensacola, Florida 32501

Authorized Representative: Dale O. Knee
(850) 433-2155

2. Service District/Subdistrict

District 2, Hospice Service Area 2B (Franklin, Gadsden, Jefferson, Leon, Liberty, Madison, Taylor and Wakulla Counties).

B. PUBLIC HEARING

No public hearing was held or requested regarding this project however, letters of support were received for the project including letters from: Madison County Memorial Hospital, Gadsden Community Hospital, Linda Deese of Tallahassee Memorial Family Medicine Blountstown, Tom Fleckenstein of Eden Springs Nursing Home, Marcia Waller of Eden Brook Senior Living Community, Gadsden Nursing Home, Heritage Oaks, Tallahassee Cardiac Surgeons Andre Jawde and C. Jake Lambert, Jr. Franklin County Health Department Administrator Dr. Shakra Junejo and Mark Mahoney, Ph.D., R.D. Most of the letters indicate that the addition of a hospice program would increase access to hospice services in the area. The applicant also includes letters from providers of service areas 1 and 2A. Those letters discuss the positive experiences and professionalism of Covenant's staff, nurses and social workers and provides additional support for the proposed project.

Also submitted to the Agency were over 160 letters from physicians, politicians, area residents who have had family members served by the subdistrict's only existing hospice, hospitals, nursing homes and other health care providers opposing the proposed project. Some include: Tallahassee Primary Care Associates, Alan G. Davis Executive Director of Tandem Healthcare, Sharon Roush, CEO Tallahassee Community Hospital, Elder Care Services, Freddie Franklin Administrator of Miracle Hill Nursing Home, Representative Bev Kilmer, Southern Medical Group, Congressman Allen Boyd, Thomasville Road Baptist Church, Unity Church of Christ, Tallahassee Memorial Family Medicine Franklin County and Quincy and Family Practice Residency Program Tallahassee Memorial Healthcare. A majority of the letters expressed deep concern for the negative impact approving an additional hospice might have on the operations of the current provider, Big Bend Hospice. Some of the anticipated negative effects noted by the letters include:

- Any new provider in the Big Bend area will reduce the number of patients available to be served by Big Bend Hospice.
- A reduction in public support will result if a new Hospice is approved because public donations will most likely be split between the two organizations, thus reducing revenue at Big Bend Hospice significantly.
- It is also stated that patient care will be jeopardized because of the division of donated funds to Big Bend Hospice, this will increase the cost of administration and fragment services, leading to decreased quality and reduced services for the patient.
- Big Bend Hospice will have increased difficulty recruiting qualified nurses and volunteers if another Hospice is approved.

C. PROJECT SUMMARY

Covenant Hospice, Inc. (CON #9475), formerly known as Hospice of Northwest Florida, a non-profit Florida Corporation, proposes to establish a hospice facility-in Service Area 2B of District 2. This service area includes Franklin, Gadsden, Jefferson, Leon, Liberty, Madison, Taylor and Wakulla Counties. The applicant is an existing provider of hospice services in Alabama, and AHCA Service Areas1 (Escambia, Okaloosa, Santa Rosa and Walton Counties) and 2a (Bay Calhoun, Gulf Holmes, Jackson and Washington Counties) in Florida. The applicant proposed to open two offices in Service Area 2B during the first two years of operation. The applicant has agreed to condition award of the CON upon establishing its main office in the northern sector of Tallahassee and a branch office in Perry, Florida and Madison County within two years of licensure. The applicant also indicated that in addition to these

two offices Community Support Centers will be opened in Madison County and in Quincy, Gadsden County during the third year of operation. Covenant also conditions to provide a special non-cancer outreach program to educate the medical community in service area 2B about the effectiveness of hospice care for non-cancer diagnoses.

The proposed project cost is projected to be \$82,648. The proposed project does not involve any construction or renovation.

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes, rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code, and local health plans. 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 provided in the application, and independent information gathered by the reviewer.

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

Section 59C-1.010(2) 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, Cheryl Clark, analyzed the application in its entirety with consultation from the Financial Analyst, John Williamson, who evaluated the financial data.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicates the level of conformity of the proposed projects with the criteria found in Florida Statutes Sections 408.035, and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, Florida Administrative Code; and the Local Health Plan.

1. Fixed Need Pool

- a. Does the project proposed respond to need as published by a fixed need pool? Chapter 59C-1.008, Florida Administrative Code and Chapter 59C-1.0355, Florida Administrative Code.**

The Agency published a (revised) fixed need for one additional hospice program to serve Service Area 2B in Volume 27, Number 33 of the Florida Administrative Weekly dated August 17, 2001. The applicant is responding to published need. Big Bend Hospice, the only existing area provider, filed a petition for a formal administrative proceeding on September 6, 2001, challenging the fixed need pool. Action in this matter is pending as of this writing.

2. Local Health Plan Preferences

Is need for the project proposed supported by the applicable district plan? ss. 408.035(1)(a), Florida Statutes and Ch. 59C-1.030(2)(c), Florida Administrative Code.

District 2 CON Allocation Factors Report, approved October 2000, shows the following three preferences relevant to certificate of need review for hospice services. The preferences are addressed as follows:

- 1. Preference shall be given to CON applicants agreeing to make hospice services available district-wide to district residents on a seven day a week, 24-hour continuous basis, as needed, regardless of a client's ability to pay.**

The applicant proposed to provide services district-wide on a seven-day, 24-hour continuous basis, regardless of a client's ability to pay.

2. **Preference shall be given to CON applicants that seek to add beds to or use existing inpatient beds in an existing facility rather than construct a new facility.**

The applicant is proposing to establish a new hospice service that does not require the addition of beds.

3. **Agency Rule Criteria**

- a. **The Agency preferences for hospice programs are contained in Rule 59C-1.0355 (4)(e), Florida Administrative Code.**

- (1) **Preference shall be given to an applicant who has a commitment to serve populations with unmet needs.**

The applicant proposes to serve any patients needing hospice services. As noted above, Covenant also conditions to provide a special non-cancer outreach program to educate the medical community in service area 2B about the effectiveness of hospice care for non-cancer diagnoses.

- (2) **Preference shall be given to an applicant who proposes to provide the inpatient care component of the hospice program through contractual arrangements with existing health care facilities, unless the applicant demonstrates a more cost-efficient alternative.**

The applicant does not propose the development of an inpatient hospice facility. The applicant indicates it will utilize existing health care facilities for inpatient hospice care through contractual arrangements.

- (3) **Preference shall be given to an applicant who has a commitment to serve patients who do not have primary caregivers at home; the homeless; and patients with AIDS.**

The applicant commits to serve patients who do not have primary caregivers at home; the homeless; and patients with AIDS.

- (4) **In the case of proposals for a hospice service area comprised of three or more counties, preference shall be given to an applicant who has a commitment to establish a physical presence in an underserved county or counties.**

Service Area 2B is comprised of eight counties. The applicant proposes its main office in Tallahassee (Leon County) in the northern sector and the branch office will be located in Perry, Florida (Taylor County). The applicant also indicated that in addition to these two offices Community Support Centers will be opened in Madison County and in Quincy, Gadsden County during the third year of operation. However, the applicant did not demonstrate that these areas are underserved.

- (5) **Preference shall be given to an applicant who proposes to provide services that are not specifically covered by private insurance, Medicaid or Medicare.**

The applicant proposes to provide services that are not specifically covered by private insurance, Medicaid or Medicare. The following include services that will be routinely provided and are not typically reimbursed by these payer groups:

- Chaplain Services
- Support Consultation to patients facing serious illness but are not yet appropriate for hospice.
- Non-healthcare items such as hot water heater and telephone that provide quality of life and allow patients to stay at home.
- Exhausted insurance benefits
- Bereavement services for families and for people experiencing a loss even if the loved one who died was not in hospice.
- Volunteer Services. The recruitment, training and supervision of volunteers
- Children's bereavement program.

b. **Chapter 59C-1.0355, Florida Administrative Code contains the following general provisions and review criteria to be considered in reviewing hospice programs.**

(1) Consistency with Plans (Rule 59C-1.0355 (5) Florida Administrative Code). An applicant for a new hospice program shall include evidence in the application that the proposal is consistent with the needs of the community and other criteria contained in the Local Health Council Health Plans. The application for a new hospice shall include letters from health organizations, social services organizations, and other entities within the proposed service area that endorse the applicant's development of a hospice program.

Support letters in the service area were received from Madison County Memorial Hospital, Gadsden Community Hospital, Linda Deese of Tallahassee Memorial Family Medicine Blountstown, Tom Fleckenstein of Eden Springs Nursing Home, Marcia Waller of Eden Brook Senior Living Community, Gadsden Nursing Home, Heritage Oaks, Tallahassee Cardiac Surgeons Andre Jawde and C. Jake Lambert, Jr. Franklin County Health Department Administrator Dr. Shakra Junejo and Mark Mahoney, Ph.D., R.D. Writers indicated that the addition of a hospice program would increase access to hospice services in the area. However, as noted above numerous letters of opposition to the proposed project were received from health organizations, social services organizations, and other entities within the proposed service area.

(2) Required Program Description (Rule 59C-1.0355(6) Florida Administrative Code): An applicant for a new hospice program shall provide a detailed program description in its certificate of need application, including:

(a) Proposed staffing, including use of volunteers.

Schedule 6 shows that proposed staffing for the project will be 9.54 FTE's in the first year of operation and 18.79 in the second year of operation. The applicant indicates the volunteer staff will number about one per patient and will increase from about 15 in the first year to about 35 in the second year. The applicant does not indicate how it will recruit staff or volunteers.

(b) Expected sources of patient referrals.

Covenant expects to obtain referrals from hospitals and doctors' offices. However, a majority of its letters of support were from providers outside of Tallahassee, where it indicates it will establish its main office and where it anticipates receiving most of its referrals.

Sources of Covenant Hospice Referrals	
Source	Referrals
Hospitals	40%
Physicians Offices	27%
Nursing Facilities	14%
Family Members	10%
Home Health Agencies	2%
Assisted Living Facilities	1%
Other Hospices	1%
Patients	1%
Friends	1%
Clinics	1%
Other	2%
Total	100%

Source: CON #9475 page 55

(c) Projected number of admissions, by payer type, including Medicare, Medicaid, private insurance, self-pay, and indigent care patients for the first two years of operation.

The applicant indicates that Medicare patients are expected to comprise about 80 percent of the admissions to Covenant during the first two years of operation.

Expected Admissions by Payer Type For Covenant Hospice in Service Area 2B		
Payer Type	Year One	Year Two
Medicare	88	191
Medicaid	11	24
HMO/PPO	4	10
Other Third Party	4	10
Self Pay & Indigent	2	5
Total	109	240

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(d) Projected number of admissions, by type of terminal illness, for the first two years of operation.

Covenant expects the majority of its patients to have diagnosis other than cancer. Non-cancer diagnosis according to the applicant include heart disease, emphysema, liver disease, Lou Gehrig’s disease and the end stages of other chronic and life limiting conditions.

Projected Admission by Age and Diagnosis for Covenant Hospice for Service Area 2B			
Diagnosis/ Year One	Under 65	65 and Older	All diagnosis
Cancer	19	35	54
Non-Cancer	8	47	55
All Diagnoses	27	82	109
Diagnosis/ Year Two	Under 65	65 and Older	All diagnosis
Cancer	39	75	114
Non-Cancer	17	109	126
All Diagnosis	56	184	240

(e) Projected number of admissions, by two age groups, under 65 and 65 or older, for the first two years of operation.

See chart above.

(f) Identification of the services that will be provided directly by hospice staff and volunteers and those that will be provided through contractual arrangements.

The applicant indicates that it will directly provide physician services, nursing services, home health aide services, dietary counseling, social work services, chaplain services, counseling services and bereavement services. Physical, speech and occupational therapy services will be provided through contractual arrangements.

(g) Proposed arrangements for providing inpatient care.

Covenant indicates that it will provide inpatient services through contractual arrangements with nursing homes and hospitals. The applicant indicates that it currently contracts with over 120 assisted living facilities, nursing homes and hospitals in its existing service areas.

- (h) Proposed number of inpatient beds that will be located in a freestanding inpatient facility, in hospitals, and in nursing homes.**

The applicants' proposal does not involve a freestanding inpatient facility.

- (i) Circumstances under which a patient would be admitted to an inpatient bed.**

The applicants' proposal does not involve a freestanding inpatient facility.

- (j) Provisions for serving persons without primary caregivers at home.**

The applicant indicates that persons without primary caregivers at home receive hospice care from Covenant Hospice under special arrangements designed to maintain patient safety. In appendix S-23 of the application the applicant provides a one-page plan that is signed by the patient indicating that the patient is responsible for their care as long as they can take care of themselves. If they cannot a list of alternatives are indicated.

- (k) Arrangements for the provision of bereavement services.**

The applicant provides bereavement support to family members and loved ones for at least a year following death and included in appendix S-16 materials for its bereavement services.

- (l) Proposed community education activities concerning hospice programs.**

In Appendix 8 of the application materials were included on the Covenant Hospice community education program. The applicant indicates that in calendar year 2000 it conducted 122 in-service education sessions and attended 39 health fairs. Additionally, as indicated above, the applicant has agreed to condition award of the CON upon providing a special non-cancer outreach program to educate the medical community in service area 2B about the effectiveness of hospice care for non-cancer diagnoses.

(m) Fundraising activities.

Appendix S-24 includes policies for the receipt, acknowledgement, management and utilization of fundraising activities. It does not include methods proposed for fund raising activities.

4. Statutory Review Criteria

- a. Is need for the project evidenced by the availability, quality of care, efficiency, accessibility and extent of utilization of existing health care facilities and health services in the applicant’s service area? ss. 408.035(2), 408.035(7), Florida Statutes.**

The applicant is an existing provider in Hospice Service Areas 1 and 2A and proposes to extend its services into the adjacent Service Area 2B. As mentioned previously, the applicant proposes to locate its primary office in Tallahassee and branch offices in Perry and Madison. The applicant states that the proposed service area is characterized by a lack of hospice competition and discussed how it plans to ensure access to hospice care in the service area, particularly in the rural communities. The applicant has agreed to condition award of the CON upon opening a branch office in Perry and providing a special non-cancer outreach program to educate the medical community in service area 2B about the effectiveness of hospice care for non-cancer diagnoses.

According to AHCA January 2003 Hospice Projections the following table shows the current and projected resident deaths by cause and age for Hospice Service Area 2B.

Resident Deaths in 2000 for Service Area 2B						
County	Total Deaths	Cancer under 65	Cancer 65 and over	Other under 65	Other 65 and over	Total Deaths
Franklin	116	12	12	24	65	
Gadsden	463	47	59	113	243	
Jefferson	165	16	18	37	94	
Leon	1,554	120	256	312	866	
Liberty	66	9	7	13	37	
Madison	202	8	33	39	122	
Taylor	246	21	42	46	135	
Wakulla	188	14	24	48	102	3,066
Projected Total Deaths 1/2003- 12/2003		253	464		647	1,702

Source: Florida Need Projections for Hospice Programs

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The applicant projects admissions of 109 the first year and 240 in the second year of operation. By the third year of operation it expects to achieve a 25 percent market share of admissions (projected at 305). As shown in the table below, the existing hospice program had 858 admissions for the period of July 2000 – June 2001.

The utilization for the only existing hospice in the area is listed in the table below:

Utilization of Existing Hospice Providers in Service Area 2B for FY 7/01/00 – 06/30/01					
Hospice	7/1/00- 9/30/00	10/1/00 – 12/31/00	1/1/01- 3/31/01	04/1/01- 06/30/01	12 month total 7/00-06/01
Big Bend Hospice	198	226	228	206	858
Total	198	226	228	206	858

Source: Florida Need Projections for Hospice Programs January 2003 Planning Horizon

The project will add another hospice program to the area.

The applicant is Medicare and Medicaid certified and has a history of providing quality of care. Refer to E. 4. b. below for further discussion on quality of care.

As noted earlier, the applicant is responding to published need for an additional program in Hospice Service Area 2B. This project is expected to improve the availability, quality of care, efficiency, and accessibility of hospice services in the service area.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality care? Please discuss your licensure history within and outside of Florida, and discuss any accreditation(s) held. ss. 408.035(3), 408.035(12), Florida Statutes.**

The applicant has a quality assurance (QA) program that according to the applicant provides a comprehensive, centrally coordinated system by which patient care and family services can be evaluated on an ongoing basis. In Appendix 11 of the application the applicant provides its 2001 Performance Improvement Plan.

- c. **Is the applicant proposing special health care services for its service area that are not reasonably and economically accessible in adjacent service areas? ss. 408.035(4), Florida Statutes.**

Although the applicant indicates that residents of Service Area 2B cannot reasonably access needed hospice care in adjacent service areas, it is not proposing special health care services for its service area that are not reasonably and economically accessible in adjacent service areas.

- d. **Is this project to be located in a research or teaching hospital? Will the program affect the clinical needs of health professional training programs in the service area? ss. 408.035(5), Florida Statutes.**

Covenant Hospice indicates that this proposal is not located in a teaching hospital and does not involve research, physician education or health professional training programs.

- e. **What resources, including health manpower, management personnel, and funds for capital and operating expenditures, are available for project accomplishment and operation? *Please include the following in your response:* ss. 408.035(6), Florida Statutes.**
- o a detailed listing of the needed capital expenditures (Schedule 1);
 - o a complete listing of all capital projects (Schedule 2);
 - o source of funds (Schedule 3);
 - o a detailed financial projection, including a statement of the projected revenue and expenses for the first two years of operation; and a statement of the assumptions made (Schedules 7,7A; or 7B; and 8 or 8A); and
 - o an audited financial statement of the applicant.

The audited financial statements for the periods ending December 31, 2000 and December 31, 1999 were analyzed for the purpose of evaluating the applicant's ability to provide the capital and operational funding necessary to implement the project. The following is a list of accounts and ratios used in the analysis:

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	<u>12/31/2000</u>	<u>12/31/1999</u>
Current Assets	\$ 6,258,712	\$ 4,296,191
Cash and Current Investment	\$ 3,986,447	\$ 2,482,291
Assets Restricted for Capital Projects	\$ 0	\$ 0
Total Assets	\$ 7,743,358	\$ 5,347,343
Current Liabilities	\$ 4,154,982	\$ 2,607,641
Total Liabilities	\$ 4,756,325	\$ 3,028,468
Total Equity	\$ 2,982,033	\$ 2,318,875
Net Operating Revenues	\$ 18,915,862	\$ 13,980,993
Interest Expense	\$ 46,899	\$ 7,730
Net Profit – Operations	\$ (327,145)	\$ (406,515)
Net Income	\$ 777,140	\$ 201,586
Cash Flow from Operations	\$ 1,895,699	\$ 660,443
Working Capital	\$ 2,103,730	\$ 1,688,550
Current Ratio (CA/CL)	1.5	1.6
Cash Flow to Current Liabilities (CFO/CL)	0.5	0.3
Long-Term Debt to Equity (TL-CL/TE)	0.2	0.2
Times Interest Earned (NPO+Int/Int)	-6.0	-51.6
Equity to Total Assets (TE/TA)	38.5%	43.4%
Operating Margin (NPO/NOR)	-1.7%	-2.9%
Total Margin (NI/NOR)	4.1%	1.4%
Return on Assets (NI/TA)	10.0%	3.8%
Operating Cash Flow to Assets (CFO/TA)	24.5%	12.4%

The applicant's current ratio of 1.5 is a moderately weak position. The working capital (current assets less current liabilities) of \$2.1 million is a measure of excess liquidity that could be used to fund capital projects. The ratio of cash flow to current liabilities of 0.5 is acceptable. Overall, the applicant has an acceptable short-term position.

The ratio of long-term debt to equity of 0.2 indicates the applicant's long-term debt is low when compared to its equity. The ratio of cash flow to assets of 24.5 percent is strong. The most recent year had a net profit of \$771 thousand, which resulted in a margin ratio of 4.1 percent, an acceptable position. Total equity is \$3.0 million with the ratio of equity to assets 38.5 percent is adequate. Overall, the applicant has an acceptable long-term position.

Schedule 2 listed capital projects in the amount of \$1.17 million. In addition, the applicant has \$84 thousand in long-term debt through year 1 of the project, bringing the total funding need to \$1.3 million.

The audited financial balance sheet indicated the applicant had cash and investments of \$4.0 million. The applicant states that funding will be provided from cash flows. Cash flows from operations for the year ended December 30, 2000 were \$1.9 million.

Cash flow combined with working capital should be sufficient to support this project and the entire capital budget.

f. What is the immediate and long-term financial feasibility of the proposal? ss. 408.035(8), Florida Statutes.

Schedule 7 of the application indicates that routine home care, continuous home care, respite and general inpatient care are the services to be provided. The payer types identified in the application are: Medicare at 80.0 percent, Medicaid at 10.0 percent, self-payers at 2.0 percent, HMO/PPO at 4.0 percent and other payers at 4.0 percent.

The Department of Health and Human Services sets rates for routine home care, continuous home care, inpatient respite care, and general inpatient care. The Federal rates were calculated for the Leon County wage index for Medicare payments of 0.9098 and inflated to 2004. The results of our calculations are summarized in the table below. The price adjustment factor was used 3.26 percent per year, which represents the year-over-year increase in the Medicare reimbursement rates from FY 2001 to FY 2002. The applicant used 3.0 percent for 2002 and 2.5 percent for 2004 (year 2) in estimating revenues.

Hospice Revenue Table					
Wage Index for Florida/Leon County (.9098)					
	Wage Component	Wage Index	Adjusted Wage Amount	Unadjusted Component	Payment Rate
Routine Home Care	75.87	0.9098	69.03	34.55	103.58
Continuous Home Care	442.80	0.9098	402.86	201.65	604.51
Inpatient Respite	61.83	0.9098	56.25	52.39	108.64
General Inpatient	314.41	0.9098	286.05	176.78	462.83

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Payment Rate	Inflation Factor Year Two	Inflation Adjusted Amount	Patient Days Year 2, 2005		Extended
103.58	1.07	110.44	10,008	\$	1,105,281
604.51	1.07	644.57	322	\$	207,550
108.64	1.07	115.84	8	\$	927
462.83	1.07	493.50	462	\$	227,996
		Total	10,800	\$	1,541,755
		From Schedule 7		\$	1,598,801
		Difference		\$	57,046
		Percentage difference			3.57%

The table above does not consider deductions from revenue. The 3.57 percent deviation between the applicant’s estimates and the calculated reimbursement above appears to be reasonable.

The projected operating profit in year two from Schedule 8 is \$23,695. Based on the projections, financial feasibility is probable.

- g. Will the proposed project foster competition to promote quality and cost-effectiveness? Please discuss the effect of the proposed project on any of the following: ss. 408.035(9), Florida Statutes.**
- o applicant facility (if a hospital);**
 - o current patient care costs and charges (if an existing facility);**
 - o reduction in charges to patients; and**
 - o improvement in quality of services provided.**

The projected Medicare and Medicaid days as a percent of total days in year two is 90.0 percent. With the large majority of patient care is being provided from fixed price government payer sources, this project is not likely to have any discernable positive impact on competition to promote quality assurance or cost-effectiveness.

- h. Are the proposed costs and methods of construction reasonable?. Do they comply with statutory and rule requirements? Please address those items found in “Architectural Criteria” (Schedule 9). ss. 408.035(10), Florida Statutes; Ch. 59A-3 or 59A-4, Florida Administrative Code.**

The proposed project does not involve any construction.

- i. **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(11), Florida Statutes.**

The applicant indicates that in 2000, about 7.8 percent of all patient days were provided to Medicaid patients. Provisions of non-billable services amounted to \$428,000 in 2000 the applicant states. Schedule 7a indicates the applicant proposes to provide 10 percent of its patient days to Medicaid and 4.0 percent to charity.

F. SUMMARY

Covenant Hospice, Inc. formerly known as Hospice of Northwest Florida, a non-profit Florida Corporation, proposes to establish a hospice facility located in Service Area 2B of District 2. This service area includes Franklin, Gadsden, Jefferson, Leon, Liberty, Madison, Taylor and Wakulla Counties. The applicant proposed and conditions to open two offices in Service Area 2B during the first two years of operation. The main office will be located in Tallahassee in the northern sector and the branch office will be located in Perry, Florida. The applicant also conditions the application on providing a special non-cancer outreach program to educate the medical community in Services Area 2B about the effectiveness of hospice care for non-cancer diagnoses.

Need:

The Agency published a fixed need for one additional hospice program to serve Service Area 2B in Volume 27, Number 33 of the Florida Administrative Weekly dated August 17, 2001. The applicant is responding to the proposed fixed need pool.

Quality of Care:

The applicant has a history of, and demonstrates the ability to provide quality of care.

Financial Feasibility/Availability of Funds:

Based on the projections, financial feasibility is probable.

Medicaid/Charity Care:

The applicant has a history of providing care to Medicaid and indigent patients.

Architectural:

There is no construction involved in this project.

G. RECOMMENDATION

Approve CON #9475 to establish a hospice program. Total project costs are \$82,648.

CONDITIONS:

- (1) Within the first two years of operation, the hospice shall open a branch office in Perry, Florida.
- (2) A special non-cancer outreach program to educate the medical community on the effectiveness of hospice care for non-cancer diagnoses shall be established.

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: _____

Karen Rivera
Health Services and Facilities Consultant Supervisor
Certificate of Need

Jeffrey N. Gregg
Chief, Bureau of Health Facility Regulation