

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Halifax Hospice, Inc./CON #9486

d/b/a/Hospice of Volusia Flagler
3800 Woodbriar Trail
Port Orange, Florida 32119-9626

Authorized Representative: Patrice C. Moore, RN, MSN
5745 SW 75th Street #323
Gainesville, Florida 32608

2. Service District/Subdistrict

Hospice Service Subdistrict 4B

B. PUBLIC HEARING

A public hearing was not held or requested with regard to the proposed project. However, the applicant included several letters of support for the project as follows: Kathy Leonard, Administrator of Bert Fish Medical Center; Dan Lang, Administrator, Halifax Medical Center; three letters from physicians representing Regional Oncology Centers; Raul Zimmerman, Program Director, Halifax Medical Center Family Practice Residency Program; Roxanne Buckley, Nurse Manager, Bert Fish Home Health Care; Anthony M. Trovato, Executive Director, Halifax Home Health; Suzanne M. Kosmas, State Representative District 28; James E. Ward, Volusia County Council; Patricia Northey, Volusia County Council Member; and letter from a family member of a former hospice patient.

The letters were similar in content and expressed the need for additional hospice services to meet an apparent growing hospice population and attesting to the quality of care provided by Halifax Hospice, Inc.

C. PROJECT SUMMARY

Halifax Hospice, Inc. (CON #9486) d/b/a Hospice of Volusia Flagler is an existing provider of hospice services and has served citizens of Volusia and Flagler Counties in Subdistrict 4B since 1979. The applicant constructed a 16-bed residential unit in 1995 as the first floor of its administration building. It is this 16-bed unit that the applicant proposes to convert into inpatient beds. The proposed project will allow hospice patients to remain in the same room and provide an increased level of care without displacement.

The applicant is requesting that the project be conditioned on the facility's location, to treat underserved hospice patients needing inpatient hospice care and to serve all persons regardless of ability to pay. The applicant also proposes to condition approval to its provision of hospice-focused continuum of care in a freestanding hospice facility. However, since hospice providers have to serve all patients requesting hospice services and the applicant's proposed conditions are basic to the provision of inpatient hospice care, CON conditions are not warranted.

The proposed project consists of \$1,476,078 in construction costs and involves 14,750 GSF of existing space. The project involves a total cost of \$1,655,103, which also includes equipment costs, site survey costs, project development cost, and pre-opening expenses.

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes. 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 assessing the responses provided in the application, and independent information gathered by the reviewer.

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

Section 59C-1.010(2) (b), Florida Administrative Code, allows no application amendment information subsequent to the application being 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, M. Riley Gibson analyzed the application in its entirety with consultation from the Financial Analyst, John Williamson who evaluated the financial data, and the Architect, Joel Hill who evaluated the architectural and the schematic drawings as part of the application.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed projects with the criteria and application content requirements 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 (F.A.C.); and Local Health Plans.

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? Ch. 59C-1.008(2), Florida Administrative Code.**

The Agency does not publish a fixed need for inpatient hospice beds. The applicant's proposal is for inpatient hospice beds and as such is not addressed under hospice need projections. Hospice projections define need for hospice programs and not inpatient hospice bed need.

Hospice of Volusia Flagler (HOVF) is one of two licensed hospices in Service Area 4B. Hospice Care of Memorial is the other licensed hospice. HOVF currently operates a residential hospice and this project, if approved will convert those residential beds to inpatient beds. Hospice projections define need for hospice programs and not inpatient hospice bed need.

Hospice programs are by law (Section 400.6085(1), Florida Statutes,) required to provide inpatient services. Inpatient care is defined in s. 400.609 (4), Florida Statutes, as a short-term adjunct to hospice care which shall only be used for pain control, symptom management, or respite care. Inpatient services can be provided in hospitals, nursing homes, or freestanding facilities. No more than 20 percent of a hospice's total days can be inpatient days per Section 400.609 (4), Florida Statutes.

- b. Rule 59C-1.0355 (7) Florida Administrative Code states that the agency will not normally approve a proposal for construction of a freestanding inpatient hospice facility unless the applicant demonstrates that the freestanding facility will be more cost-efficient than contractual arrangements with existing hospitals or nursing homes in the service area. The application shall include the following:**

- (1) A description of any advantages that the hospice program will achieve by constructing and operating its own inpatient beds.**

The applicant cites several advantages of operating its own inpatient hospice beds including: (a) the ability to direct appropriate resources to the patient's bedside, without the patient having to be transferred, thus enhancing continuity of care; (b) the nursing and interdisciplinary personnel will remain unchanged throughout the various levels of care; (c) the ability to manage and to direct resources, resulting in greater cost control; (d) familiarity with patients and their conditions, thus allowing staff to tailor palliative care in the inpatient setting. This can help avoid over or under utilization of resources; and (e) rapid intervention, which should reduce delays in the provision of appropriate services.

In reference to costs, the applicant states that the cost per patient day on the average is over \$1,000 per day. The per diem rate for Medicare reimbursement for inpatient hospice is approximately \$495 per day. Hospice pays the contracting hospital their per diem rate for inpatient care, thus accepting the hospice per diem is done as a charitable action by hospitals. The applicant contends that it is clearly more cost effective to provide inpatient care in a freestanding hospice rather than in a hospital. With approval of the proposed project, the applicant will provide inpatient care and bill at the Medicare inpatient rate. That income will be applied to the cost of operating the facility. The applicant indicates that currently, HOVF operates a residential facility with staffing ratios equal to inpatient requirements yet is not able to receive reimbursement for the care.

The following table provides the anticipated reimbursement rates for the first two years of operation. The indicated rates are for all payor groups.

Projected Reimbursement Rates For Inpatient, Respite Care, & Residential Care

(All Payers) Self-pay, Medicare, Medicaid, Ins	Inpatient		Respite Care		Residential	
	Year One	Year Two	Year One	Year Two	Year One	Year Two
	\$496.59	\$512.77	\$115.64	\$119.48	\$271.46	\$280.31

Source: CON application, Financial Schedule 7A notes

The applicant did not provide the specific cost per patient type, thus, projected profitability for the inpatient beds cannot be determined.

Additionally, the applicant states that by offering specifically palliative care, HOVF can tailor their supply and equipment inventory to the needs of hospice patients thus reducing unnecessary costs.

(2) Existing contractual arrangements for inpatient hospitals and nursing homes.

The applicant indicates that it contracts with all of the hospitals in the subdistrict. These hospitals are Halifax Medical Center (Daytona Beach), Fish Memorial Hospital (New Smyrna), Florida Hospital-Fish Memorial (Orange City), Memorial Medical System (Ormond and Flagler), and Memorial Hospital West Volusia (Deland). The applicant further states that while the number of hospital contracts will not be reduced, the

utilization of services under these contracts may be appropriately reduced with the approval of the project. The applicant does not contract with inpatient providers for a specific number of beds within a facility but rather on a bed availability basis. The contract per diem rate is the all-inclusive reimbursement for all services provided to a hospice patient during the inpatient episode. The applicant indicates it does not contract with nursing homes for the provision of inpatient hospice patient care.

(3) Anticipated sources of funds for the construction.

The applicant states that funding will be provided from amounts in hand and operating cash flows. The applicant's audited financial statements appear to attest to the applicant's financial viability.

(4) Need Analysis

In support of need for its proposed project, the applicant provides two charts that document the increasing population in its service area (Volusia and Flagler County) and the percent of increase/decrease in hospice patient days as compared to the population growth in the two counties. According to 'AHCA Population Estimates, published September 2000' for the total population as of July 1 of each year, the following is shown:

Hospice Service Area 4B			
Total Population as of July 1 of each year			
County	1998	1999	2000
Volusia	422,038	428,438	435,103
Flagler	44,046	46,346	48,270
Total	466,084	474,784	483,373

Source: AHCA Population Estimates published September 2000.

Hospice Service Area 4B			
Total Population Age 65 & Over as of July 1 of each year			
County	1998	1999	2000
Volusia	94,930	95,977	97,088
Flagler	12,970	13,762	14,421
Total	107,900	109,739	111,509

Source: AHCA Population Estimates published September 2000.

The tables above demonstrate that the applicant's service area continues to grow in both overall population and age 65 and over population.

The applicant indicates that in addition to the population growth, the total number of patient days in the hospice continues to increase. The following chart was presented to document this:

**Hospice of Volusia Flagler
Percent Increase/Decrease in Hospice Patient Days
Compared to the Population Growth in Volusia, Flagler County
CY 1996 to CY 2000**

Calendar Year	Hospice Patient Days	Increase/Decrease Patient Days	% Increase/decrease
1996	76,192		
1997	78,613	2,421	3%
1998	79,121	508	.06%
1999	82,574	3,453	4%
2000	83,054	480	.05%

Source: CON #9486 from Florida Need Projections for Hospice Programs, for above time periods.

The applicant anticipates a two percent hospice growth rate for the current year, as well as for the subsequent periods.

The applicant contends that it can be difficult to find available beds for hospice patients in area hospitals during the winter season and that area hospitals do not have excess space to designate as a specific hospice unit in their facilities. Additionally, the applicant states that hospital staff are not trained in the art or science of palliative care, resulting in less than optimal care for dying hospice patients.

The applicant states that since opening a 16-bed residential hospice facility in 1995, the facility has run at full capacity and that many patients receive inpatient levels of care without the hospice receiving the inpatient level of reimbursement. The applicant states that on any given day there are at least five to six patients receiving inpatient levels of care. Based on a review of HOVF records, the applicant estimates that during the first year of operation (2002), the 16-bed freestanding inpatient facility would accommodate nine inpatients per day and six residential patients per day at an occupancy rate of 91 percent. The first full year of operation (2003) would accommodate 10 inpatients per day, and five residential patients for an occupancy of 92 percent. The applicant states that it is important that the 16 beds be available for general inpatient care. This would prevent unnecessary shifting of patients to either outside facilities or within the new hospice facility.

2. Local Health Plan Preferences

Is need for the project proposed supported by the applicable district plan? ss. 408.035(1); 408.037(1), Florida Statutes.

The District 4 CON Allocation Factors Report contains four preferences that apply to the proposed project as follows:

- a. Preferences shall be given to applicants who propose in the CON application to be based in a county which has the lowest rate of hospice clients per 100 residents cancer deaths, based on the most current Vital Statistics Report published by the Department of Health.**

The following table shows the distribution of the projected and current patients with the causes of death reported for each county.

	2003 Projected Patients	Total Current Patients	Resident Deaths in 2000				
			2/00- 6/01 Deaths	Cancer Under 65	Cancer Over 65	Other Under 65	Other Over 65
Flagler			586	39	132	73	342
Volusia			5,650	336	1,063	770	3,480
Total	2,777	2,594	6,236	375	1,195	843	3,822

Source: AHCA publication, Florida Need Projections for Hospice Programs 7/27/01

The current 2,594 patients at HOVF represent 41 percent of the total deaths in the subdistrict. In 2000, 56 percent of the hospice's patients had a diagnosis of cancer. Given the total cancer deaths in the subdistrict in 2000, the applicant served 93 percent of all cancer deaths.

- b. Preference shall be given to applicants who propose to use existing licensed beds rather than adding to the district's total licensed bed count.**

The proposed project is intended to accommodate patients in need of short-term inpatient care; residential patients who may need to receive inpatient care without transfer to an inpatient hospital or nursing home setting and patients in need of respite care.

- c. **Preference shall be given to applicants who document in their CON proposal that they have written agreements with a broad spectrum of service providers, for the purpose of ensuring continuity of care.**

The applicant has a wide range of written agreements with various agencies and facilities in the area. Agreements exist with hospitals, nursing homes, pharmacies, home health agencies, medical equipment companies and others.

- d. **Preference should be given to Certificate of Need applications that submit documented evidence of providing an array of programs and services beyond "hospice core services"; i.e., care giver program, children's hospice program, hospice residential units, bereavement care/counseling for the larger community, etc.**

The applicant did not specifically respond to this preference but does indicate elsewhere in the application that it provides not only care for the elderly and supportive palliative care but also focuses on the special needs of terminally ill children. The hospice has a special team and consulting pediatrician involved in helping these children and their families cope with death and loss.

3. **Agency Rule Preferences**

- 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 states that some of the underserved groups in the area include: patients with AIDS, homeless, frail elderly, patients without caregivers, rural residents, children and patients without health insurance benefits.

The applicant does not provide documentation that persons who need inpatient hospice care are unable to be served by the existing acute and long-term care providers.

- (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.**

As previously stated, the applicant has contracts with acute care facilities for hospice inpatient hospital care. See the applicant's need discussion for the discussion of why this project is more efficient than contractual agreements.

- (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 states that the hospice responds to the need of terminally ill patients living alone or whose caregivers are frail and unable to properly care for their loved ones. The facility provides a home and 24-hour/seven day per week care for these individuals.

The applicant states that it cares for AIDS patients and works cooperatively with the local AIDS resource networks. However, the applicant did not indicate how many AIDS patients were admitted to the hospice during the past year, or provide any details regarding the hospice's commitment to serving these patients in the future.

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

The applicant's proposal is specific to Service Area 4B, which includes only two counties (Flagler and Volusia Counties). The applicant has satellite offices in Orange City (west Volusia County), and Ormond Beach, in addition to its main administrative offices in Port Orange, Florida. There is no definitive evidence that a specific county or counties go 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 states its commitment to provide hospice care to patients regardless of their ability to pay. The hospice also provides free bereavement services that include individual/group counseling and support groups.

The applicant projects that Medicare and Medicaid days as a percent of total days in year two represents 92.4 percent.

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 intends to convert its existing 16-bed facility from residential to inpatient beds, thus allowing more flexibility in the care provided to patients. The applicant contends that the project will enhance the existing community services and permit hospice patients to receive three levels of care (inpatient, residential and respite) without leaving the facility. This will prevent the need to transfer acutely ill patients to less appropriate inpatient settings.

Quality of care in a hospice program can be evaluated by several methods. One method is a program's participation in the Medicare program. Participation in the Medicare program requires a hospice to maintain a high level of quality of care through detailed quality assurance programs. HOVF already participates in quality assurance programs in all of its hospice services. The hospice is a member of the National Hospice and Palliative Care Organization and Florida Hospice and Palliative Care, Inc. organizations. The applicant provided a copy of its patient satisfaction survey that is provided to both patient and family for the purpose of conducting an in-house evaluation of services provided.

While the applicant intends to admit patients from Subdistrict 4B, it was not demonstrated by the applicant that inpatient access is currently being denied to hospice patients. However, the project would appear to enhance availability of services in the area as well as the quality of care provided.

- b. Does the applicant have a history of and demonstrated the ability to provide quality care? ss. 408.035(3), 408.035(12), Florida Statutes.**

The applicant states that HOVF continues to meet the requirements for licensure and Medicare certification in its 22 years of providing services. The applicant further states that it has had no licensure or certification violations and is enrolled in both the Medicare and Medicaid programs. The applicant provided its 2001 licensure survey report from AHCA's State Licensure Office, which reveals no deficiencies.

The applicant provided a reasonable discussion of its Performance Improvement Program which is used to monitor outcomes and overall efficacy of the hospice program. The program outline was provided as an attachment to the application. In addition, HOVF is a member of the National Hospice and Palliative Care Organization (NHPCO) and adopts its policies and procedures in the conduct of operations.

HOVF reasonably demonstrated the ability to provide quality care.

- 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.**

The applicant indicates that its inpatient hospice facility would be the only such facility that would serve residents of Service Area 4B. The nearest freestanding inpatient hospice facilities to the applicant's service area are located in Jacksonville and Gainesville, Florida, approximately 100 miles in distance.

- d. Is the 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.**

The proposed project is not located in a teaching hospital and does not involve research. However, the applicant states its intention to offer educational opportunities for a variety of health professionals to train in the facility. The Daytona Beach Community College, Bethune Cookman College, University of Florida and University of Central Florida students work with HOVF to assist in the training of health care professionals.

- e. **What resources, including health manpower, management personnel, and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.037(6), Florida Statutes.**

The audited financial statements for the periods ending September 30, 2000 and September 30, 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:

	09/30/2000	09/30/1999
Current Assets	\$ 1,480,275	\$ 1,531,099
Cash and Current Investment	\$ 660,453	\$ 765,145
Assets Restricted for Capital Projects	\$ 557,417	\$ 411,998
Total Assets	\$ 11,009,500	\$ 11,060,633
Current Liabilities	\$ 915,879	\$ 1,124,905
Total Liabilities	\$ 1,463,150	\$ 2,115,772
Total Equity	\$ 9,546,350	\$ 8,944,861
Net Operating Revenues	\$ 11,827,599	\$ 10,364,523
Interest Expense	\$ 97,178	\$ 133,923
Net Profit - Operations	\$ 509,338	\$ 648,494
Net Income	\$ 509,338	\$ 648,494
Cash Flow from Operations	\$ 383,029	\$ 1,155,554
Working Capital	\$ 564,396	\$ 406,194
Current Ratio (CA/CL)	1.6	1.4
Cash Flow to Current Liabilities (CFO/CL)	0.4	1.0
Long-Term Debt to Equity (TL-CL/TE)	0.1	0.1
Times Interest Earned (NPO+Int/Int)	6.2	5.8
Equity to Total Assets (TE/TA)	86.7%	80.9%
Operating Margin (NPO/NOR)	4.3%	6.3%
Total Margin (NI/NOR)	4.3%	6.3%
Return on Assets (NI/TA)	4.6%	5.9%
Operating Cash Flow to Assets (CFO/TA)	3.5%	10.4%

Short-term position:

The applicant's current ratio of 1.6 is a good position. The working capital (current assets less current liabilities) of \$564 thousand is a measure of excess liquidity that could be used to fund capital projects. The ratio of cash flow to current liabilities of 0.4 is also good. Overall, the applicant has an acceptable short-term position.

Long-term position:

The ratio of long-term debt to equity of 0.1 is the result of the applicant having little long-term debt. The ratio of cash flow to assets of 3.5 percent is mediocre. The most recent year had a net profit of \$509 thousand, which resulted in a margin ratio of 4.3 percent, a good position. Total equity is \$9.5 million with the ratio of equity to assets 86.7 percent is strong. Overall, the applicant has an acceptable long-term position.

Capital Requirements:

Schedule 2 listed capital projects in the amount of \$2.1 million including the project cost of \$1.6 million. In the notes to Schedule 2 the applicant states that facility is constructed with the associated costs expended and is being converted from residential to inpatient use. The only additional cost associated with the conversion is the Certificate of Need application fee. With the facility completed and fully funded, additional capital funding needs total \$309,582.

Available capital:

The audited financial statements indicated the applicant had cash on hand of \$660 thousand and investments of \$557 thousand. The applicant states that funding will be provided from amounts in hand and operating cash flows.

Conclusion:

This project is fully funded. Funding for all other capital projects should be available as needed.

f. What is the immediate and long-term financial feasibility of the proposal? ss. 408.037(8), Florida Statutes.

Schedule 7 of the application indicates that general inpatient care, respite care and residential care are the services to be provided. The payer types identified in the application are: Medicare at 86.3 percent, Medicaid at 6.1 percent, self-payers at 2.3 percent, and commercial insurance at 5.3 percent.

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The Department of Health and Human Services sets rates for routine home care, continuous home care, inpatient respite care, and general inpatient care. The 2002 Federal rates were calculated for the Volusia County wage index for Medicare payments of 0.9795 and inflated to 2004. The price adjustment factor 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 the same rate in estimating revenues. The results of Agency calculations are summarized in the table below.

Hospice Revenue Table					
Wage Index for Florida/Volusia County (.9795)					
	Wage Component	Wage Index	Adjusted Wage Amount	Unadjusted Component	Payment Rate
Routine Home Care	75.87	0.9795	74.31	34.55	108.86
General Inpatient	314.41	0.9795	307.96	176.78	484.74

Payment Rate	Inflation Factor Year Two	Inflation Adjusted Amount	Including Room and Board Charges	Patient Days Year 2, 2004		Extended
108.86	1.07	116.08	266.08	1,735	\$	461,646
484.74	1.07	516.87		3,648	\$	1,885,524
			Total	5,383	\$	2,347,170
			From Schedule 7		\$	\$2,291,746
			Difference		\$	(55,424)
			Percentage difference			-2.4%

The table above does not consider deductions from revenue. The -2.40 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 \$320,722. Based on the projections, financial feasibility is probable.

- g. Will the proposed project foster competition to promote quality and cost-effectiveness? ss.408.035(9), Florida Statutes.**

The projected Medicare and Medicaid days as a percent of total days in year two is 92.4 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? ss. 408.035(10), Florida Statutes; Ch. 59A-3 or 59A-4, Florida Administrative Code.**

The application includes a site plan, a floor plan of the existing building and a larger scale plan of a typical patient room. All 16 patient rooms are private and have private bathrooms with wheelchair-accessible showers. The existing bathrooms appear to meet accessibility standards. Each patient room is adequately sized and has access to an outside patio that appears to be screened. There is also a central bathing room.

Most of the usual ancillary spaces are provided with the exception of a nurses' toilet near the nurse station. The closest toilet room is down the corridor next to the lounge. It is not clear if this toilet is for staff use nor whether it is accessible. This is not a major problem, and it might be deemed acceptable since the facility is existing and is currently functioning in a hospice capacity. The required nourishment function is most likely to be done in the kitchenette across the corridor from the lounge. Part of the aim of this facility is to provide for the patient and to also be flexible enough so that family members and friends might stay overnight in chair/sleepers located in the patient rooms.

The existing facility was completed and occupied in 1995 and the patient care area is totally sprinklered. This would imply that the remainder of the facility is not sprinklered since the hospice patient area is in the first floor of a building that also houses the administrative offices of Hospice Volusia Flagler.

A list of building codes was not included in the plans since there are no renovations to be done for this transfer from residential to inpatient care. There are also no proposed contracts with design professionals involved. The cost figures shown seem to be only applicable to the existing building with no new funds to be spent.

Other than the issue regarding the lack of a toilet near the nurse station, the existing design is well planned and the supplementary spaces that should be needed for a Hospice facility are included.

i. Does the applicant have a history of and propose the provision of health services to Medicaid patients and the medically indigent? ss. 408.035(11), Florida Statutes.

The applicant indicates that it has a history of providing services to all persons regardless of ability to pay, including Medicaid and medically indigent patients. The applicant indicates that for FY 2000, it provided four percent of services to Medicaid and three percent for self-pay. The applicant's provision of charity care was not disclosed. However, the projected financial schedules indicate that in year one self-pay will represent 2.09 percent of total patient days, increasing to 2.29 percent in year two ending June 30, 2004. For the same periods, Medicaid is projected to represent 6.27 percent and 6.14 percent respectively.

As previously stated, the applicant proposes to condition CON approval to provide services to all persons regardless of ability to pay. However, since hospice providers have to serve all hospice eligible patients who request hospice services, CON conditions are not warranted.

F. SUMMARY

Halifax Hospice, Inc. (CON #9486) d/b/a Hospice of Volusia Flagler is an existing provider of hospice services and has served citizens of Volusia and Flagler Counties in Subdistrict 4B since 1979. The applicant constructed a 16-bed residential unit in 1995 as the first floor of its administration building. It is this 16-bed unit that the applicant proposes to convert into inpatient beds. The proposed project will allow hospice patients to remain in the same room and provide an increased level of care without displacement.

Since hospice providers have to serve all patients requesting hospice services and the applicant's proposed conditions are basic to the provision of inpatient hospice care, CON conditions are not warranted.

The proposed project consists of \$1,476,078 in construction costs and involves 14,750 GSF of existing space. The project involves a total cost of \$1,655,103, which also includes equipment costs, site survey costs, project development cost, and pre-opening expenses.

After weighing and balancing all applicable review criteria, the primary issues are summarized below:

Need:

- The Agency does not publish a fixed need pool for hospice inpatient beds. The applicant's proposal is for the establishment of a 16-bed freestanding inpatient facility through the conversion of 16 existing residential beds. Based on internal records, the applicant estimates that the facility will accommodate nine inpatients per day (and six residential patients), increasing to 10 inpatients (and five residential patients) in 2003.
- In support of the project, the applicant presented population data to show growth in both counties that comprise Subdistrict 4B and the percent of increase in hospice patient days as compared to population growth. The applicant also contends that it can be difficult to find available beds for hospice patients in area hospital, especially during seasonal periods.

Quality of Care:

- The applicant appears to have a history of, and reasonably demonstrates the ability of providing quality of care.
- The applicant has no licensure or certification violations and provided a copy of its 2001 licensure survey report, which reveals no deficiencies. The applicant also provided a reasonable discussion of its Performance Improvement Program.

Costs/Financial Feasibility:

- The project requires only minimal funding to become operational and the applicant appears to be in an acceptable financial position.
- The financial analyst determined that financial feasibility is probable.
- The projected Medicare and Medicaid days as a percent of total days in year two is 92.4 percent. This project is not likely to have any discernable positive impact on competition to promote quality assurance or cost effectiveness.

Medicaid/Charity Care:

- The applicant has a history of providing care to all persons regardless of ability to pay, including Medicaid and indigent patients. With regard to the proposed project, the applicant anticipates providing 6.27 percent and 6.14 percent of total patient days for Medicaid patients in the first two years of operation. The amount of charity care proposed was not specifically shown
- The applicant proposes to condition CON approval to provide services to all persons regardless of ability to pay. However, since hospice providers have to serve all patients requesting hospice services, CON conditions are not warranted.

Architectural Analysis:

- The project does not involve any new construction. There are no substantive architectural considerations with regard to the project.

G. RECOMMENDATION

Approve CON #9486 to convert 16 residential hospice beds to 16 inpatient beds at 3800 Woodbriar Trail in Port Orange. The project involves \$1,476,078 in construction costs 14,750 GSF of existing space. The project involves a total cost of \$1,655,103.

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