

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

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**Continental Medical of Palm Beach, Inc./CON #9490**  
HealthSouth Corporation  
One HealthSouth Parkway  
Birmingham, Alabama 35243

Authorized Representative: Loree Skelton/Thomas Panza, Esq.  
(205) 967-7116

**Genesis Rehabilitation Hospital, Inc./CON #9491**  
d/b/a Brooks Rehabilitation Hospital  
3599 University Blvd. South  
Jacksonville, Florida 32216

Authorized Representative: Charles A. Schauer, President & CEO  
(904) 858-7602

2. Service District/Subdistrict

District 6 (Hillsborough, Manatee, Polk, Hardee, & Highlands Counties).

**B. PUBLIC HEARING**

Although no public hearing was requested, the applicants did submit letters of support for their respective projects as presented below:

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**Continental Medical of Palm Beach, Inc. (CON #9490)** submitted 44 letters of support for the proposed project from area hospitals, physicians, various organizations and individuals. Eleven of these letters of support originated from St. Joseph's-Baptist Health Care and included letters from doctors, social workers, administrators and other staff. Seven of the letters originated from Tampa Children's Hospital at St. Josephs and two letters were sent by the President/CEO of BayCare Health System, which includes St. Anthony's Health Care, Morton Plant Mease Health Care and St. Joseph's-Baptist Health Care. Many of the letters stressed the convenience of community rehabilitation services close to home. A few of the letters addressed the level of specialty care provided in a CMR facility as opposed to acute care supplemented with physical therapy or in a skilled nursing facility. None of these letters demonstrate that patients are being denied this level of care within the district. The CEO of BayCare Health System states that there are no acute rehabilitation programs in the area, which accept pediatric patients who are younger than 13 years of age. Outsource data compiled by the Agency for calendar year 2000, identifies only 14 patients in the age 0 -15 category, under DRG 462 (CMR). Thirteen of these patients were treated at Tampa General and only one of these patients was referred outside the District to Florida Hospital in District 7.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** submitted six letters of support for the proposed project. One letter is from the CEO of Brandon Regional Hospital, another from the CEO of South Bay Hospital, and third is from an Orthopedic Surgeon in the Tampa Bay community. The remaining three letters are from individuals in the Jacksonville area, familiar with the work of Brooks Rehabilitation Hospital in that area. The general consensus is support for the applicant, especially in eastern Hillsborough County. None of the letters demonstrate access problems or inappropriate care issues.

### C. **PROJECT SUMMARY**

**Continental Medical of Palm Beach, Inc. (CON #9490)** a wholly-owned subsidiary of HealthSouth Corporation, a publicly-traded corporation, is proposing to establish a 40-bed freestanding comprehensive medical rehabilitation hospital in District 6. The applicant intends to be located on or near the campus of St. Joseph's Hospital of Tampa and indicates it will be involved in a "proposed relationship" with St. Joseph's.

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The applicant agrees to condition the project upon providing a minimum of three percent of its patient days to Medicaid and/or charity care patients, 15 percent of its beds (six beds) to brain and spinal cord injury patients, and 15 percent of its beds (six beds) to a pediatric program.

The total project cost is estimated at \$13,899,683. Construction costs are projected at \$7,350,000 and the project will involve 42,000 gross square feet (GSF) of new construction.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** d/b/a Brooks Rehabilitation Hospital is a not-for-profit comprehensive rehabilitation provider. The applicant is proposing to establish a 60-bed comprehensive medical rehabilitation (CMR) hospital in District 6.

According to the *Certificate of Need Predicated on Conditions* page, the applicant is proposing a minimum of 6.6 percent of its patient days to Medicaid patients and one percent of its patient days to charity care patients.

The total project cost is estimated at \$25,076,422. Construction costs are projected at \$13,522,236 and the project will involve 79,300 GSF of new construction.

**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 and data provided in the application, and independent information gathered by the reviewer.

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

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Rule 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, Ed Carter, analyzed the application with consultation from the financial analyst, John Williamson, who reviewed the financial data and architect Joel Hill, who evaluated the architectural and the schematic drawings.

**E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA**

The following indicate the level of conformity of the proposed project(s) 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; and Local Health Plans.

**1. Fixed Need Pool**

**a. Does the project proposed respond to need as published by a fixed need pool? Chapter 59C-1.008 and rule 59C-1.039.**

In Volume 27, Number 30, dated July 27, 2001 on page 3530 of the Florida Administrative Weekly, a fixed need pool of zero beds was published for comprehensive medical rehabilitation beds in District 6 for the January 2007 planning horizon.

District 6 has 131 licensed comprehensive medical rehabilitation beds and zero approved beds. The comprehensive medical rehabilitation beds in District 6 experienced an occupancy rate of 76.08 percent during the period January 2000 through December 2000. The applicants are applying outside of the fixed need pool.

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- b. **According to 59C-1.039 (5)(d) of the Florida Administrative Code, need for new or expanded comprehensive medical rehabilitation inpatient services shall not normally be made unless a bed need exists according to the numeric need methodology in paragraph (5)(c) of this rule. Regardless of whether bed need is shown under the need formula in paragraph (5)(c), no additional comprehensive medical rehabilitation inpatient beds shall normally be approved for a district unless the average annual occupancy rate of the licensed comprehensive medical rehabilitation inpatient beds in the district was at least 80 percent for the 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool.**

District 6 has 131 licensed comprehensive medical rehabilitation beds that experienced an occupancy rate of 76.08 percent during the period January 2000 through December 2000:

<b>Comprehensive Medical Rehabilitation Bed Utilization District 6 - January 2000 - December 2000</b>			
Facility	Number of CMR beds	County	Occupancy % (1/00 - 12/00)
Tampa General Hospital	59	Hillsborough	68.58%
Winter Haven Hospital	24	Polk	69.32%
University Community Hospital	20	Hillsborough	87.45%
Blake Medical Center	28	Manatee	89.54%
Total Beds	131		
Average Utilization			76.08%

Source: Florida Hospital Bed and Service Utilization by District July 2001

The target or desired occupancy rate for comprehensive medical rehabilitation beds is 80 percent.

The applicants claim that other not normal circumstances exist in the district.

- c. **Other Special Circumstances**

**Continental Medical of Palm Beach, Inc. (CON #9490)** submitted the following tables pertaining to current and projected population:

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<b>Current and Projected Total Population By County for District 6</b>			
County	July 2001	July 2006	% Change
Hardee	23,105	23,299	0.8%
Highlands	84,399	90,904	7.7%
Hillsborough	998,452	1,072,332	7.4%
Manatee	263,511	286,184	8.6%
Polk	490,631	525,241	7.1%
Total District 6	1,860,098	1,997,960	7.4%
State of Florida	15,916,279	17,195,284	8.0%
% of District 6/State	11.7%	11.6%	

Source: CON Application #9490, page 12. AHCA, Population Estimates, September 2000

This table illustrates that Highlands and Manatee Counties are expected to experience the greatest population growth one year prior to the planning horizon for this batching cycle. However, compared to the state as a whole, this area is not anticipated to experience a high rate of growth. It is noted that next to Hardee and Polk Counties, Hillsborough County is expected to experience the least growth.

The following table depicts the current and projected elderly population (65+) by county in District 6:

<b>District Six Population 65+ Anticipated Growth</b>			
County	July 2001	July 2006	% Change
Hardee	3,573	3,642	1.9%
Highlands	31,525	33,946	7.7%
Hillsborough	133,033	147,855	11.1%
Manatee	70,204	74,600	6.3%
Polk	102,279	111,447	9.0%
Total District 6	340,614	371,490	9.1%
State of Florida	2,913,637	3,153,771	8.2%
% of District 6/State	11.7%	11.8%	

Source: CON Application #9490, page 13. AHCA, Population Estimates, September 2000.

The applicant points out in the table above that Hillsborough's elderly population is growing faster than the other counties in District 6 and faster than the state average.

The applicant plans to locate the facility in Hillsborough County and did an analysis of the demographic characteristics of Hillsborough County versus the rest of District 6.

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<b>Total Population by Region Within District 6</b>			
Region	July 2001	July 2006	% Change
Hillsborough	998,452	1,072,332	7.4%
Rest of District 6	861,646	925,6286	7.4%
Total District 6	1,860,098	1,997,960	7.4%
% Hillsborough to Total	53.7%	53.7%	--
% Rest of District 6 to Total	46.3%	46.3%	--

Source: CON Application #9490, page 14. AHCA, Population Estimates, September 2000.

Based on the data presented above, the geographic distribution of population shows that 54 percent of the District 6 population is concentrated in the one county of Hillsborough, with the remaining 46 percent of the District 6 population residing in the four county area which excludes and surrounds Hillsborough County, according to the applicant and verified in this analysis.

As shown in the population tables above, Hillsborough's population growth of 11.6 percent exceeds Florida's growth rate of 8.2 percent from 2001 to 2006. However, according to the Agency's methodology, there exists a negative CMR bed need of three in District 6 for the January 2007 planning horizon.

With the general population and elderly population increases given in the tables above, and to further support of its claim that special circumstances exist that warrant approval of additional beds, the applicant submitted the following CMR utilization table which illustrates patient days per thousand population and patient days per thousand elderly population in District 6 and the state:

<b>CMR Service Utilization by District and State</b>						
Region/District	Beds	CMR Patient Days	Patient Days per 1,000 Pop.	Total Population Estimates July 2001	Patient Days per 1,000 Elderly Pop.	Elderly Population
District 6	131	36,475	19.6	1,860,098	107.1	340,614
State of Florida	2,067	565,486	35.5	15,916,279	194.1	2,913,637
District 6 to State	6.3%	6.5%	55.2%	11.7%	55.2%	11.7%

Source: CON Application #9490, page 15. Florida Hospital Beds and Service Utilization by District July 2001. Population data: AHCA, September 2000.

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The table above shows that the District 6 use rate of 19.6 patient days per thousand population and 107.1 patient days per thousand elderly population is considerably lower than the statewide resident use rate of 35.5 patient days per thousand population and 194.1 patient days per thousand elderly population. The applicant observes that the use rates throughout the state range from 10.9 patient days per 1000 population to 55.2 days per 1000 population. The lower use experience is within the districts that do not have any freestanding CMR hospitals.

The applicant conducted an analysis of the number of CMR beds to population for the State of Florida and District 6, based on the comparatively younger population in District 6 compared to the statewide average. The applicant's analysis seeks to illustrate the disproportionately low number of CMR beds available to patients in District 6.

<b>CMR Bed Need Analysis in District 6</b>		
Description	State of Florida	District 6
Number of licensed CMR beds	2,067	131
Number of approved CMR beds	161	0
Total licensed and approved CMR beds	2,228	131
District Six proportion of CMR beds		5.9%
Total population - 2001	15,916,279	1,860,098
District 6 population as a percent of State's population		11.7%
Total # of CMR beds needed to meet pop needs (11.7%)		260
Less licensed and approved beds in District 6		131
<b>Net CMR bed need in District 6</b>		<b>129</b>

Source: CON Application #9490, page 16. Florida Hospital Bed Need Projection by District July 2001. Population data: AHCA.

The applicant contends that the number of CMR beds in District 6 has not been appropriately distributed in comparison to the State of Florida average, according to the above table. Furthermore the applicant states that using total population comparisons, this analysis indicates a need for 260 comprehensive medical rehabilitation beds in District 6, or net need for 129 beds. Applying the elderly population proportion to this analysis results in a gross need for 263 CMR beds, or a net need for 132 beds. Therefore the applicant concludes that the net need based on population distribution and comparison for CMR beds in District 6 ranges from 129 to 132 CMR beds.

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The applicant comes to this conclusion by taking the district's population percentage of the state's population, which is 11.7 percent, times the total number of licensed and approved CMR beds in the state resulting in 260 beds. Since there are only 131 CMR beds in the district, the applicant asserts that there exists a need for 129 beds. It is noted that bed-to-population need methodologies fail to consider utilization in existing facilities and are ~~is~~ therefore not a good indicators of need for additional beds in an area. The agency's need methodology is based on empirical evidence of projected population increases over a specified period of time along with past utilization of particular services and projects no need for the district.

The applicant also conducted a comparative analysis of the number of CMR beds to population for the State of Florida and Hillsborough County, where the applicant intends to locate the proposed facility.

<b>Net CMR Bed Need in Hillsborough County</b>		
Description	State of Florida	Hillsborough County
Number of licensed CMR beds	2,067	79
Number of approved CMR beds	161	0
Total licensed and approved CMR beds	2,228	79
Hillsborough County proportion of CMR beds		3.5%
Total population - 2000	15,916,279	998,452
Hillsborough population as a % of State's population		6.3%
Total # of CMR beds needed to meet pop needs (6.3%)		140
Less licensed and approved beds in Hillsborough		79
<b>Net CMR bed need in Hillsborough County</b>		<b>61</b>

Source: CON Application #9490, page 17. Florida Hospital Bed Need Projection by District July 2001. Population data: AHCA.

According to the calculations above, the net CMR bed need in Hillsborough County is 61 beds based on the county having only 3.5 percent of the state's CMR beds, but 6.3 percent of the state's population. The applicant concludes that this represents a disproportionate distribution of CMR beds in the county.

The service area for CMR is the district and, as discussed below, the travel standard is met for access to District 6 CMR services.

No evidence was provided that indicated that people living in Hillsborough or in the district needing CMR services did not receive the services. In fact, there is very little out-migration from District 6 for health care services, and Hillsborough has the lowest percentage of out-migration of the five counties in the district. This would indicate that health care services including CMR services are accessible to District 6 residents, especially Hillsborough's residents.

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Another methodology the applicant presented was a DRG diagnosis analysis. The applicant used patient discharges by DRG program in District 6 and applied the percent, based upon national and HealthSouth Rehabilitation studies, of patients it believes would require CMR services. This results in the number of CMR patients the applicant believes there should be within the district. The applicant then applies various average lengths of stay by program that HealthSouth facilities have experienced. Then the applicant totaled the patient days of all the programs resulting in an average daily census (ADC) of 282 patients. The number of beds needed for an ADC at 85 percent occupancy is 331 beds. The applicant then subtracted the 131 licensed CMR beds in the district from 331 beds and determined that 200 beds are needed in the district.

A similar analysis was performed for Hillsborough County (see page 19 of application), the site of the proposed project, using total patient days of 52,843 that convert into an average daily census of 145 patients. At 85 percent occupancy, the applicant contends that Hillsborough County has a need for 170 CMR beds. With 79 existing licensed beds, there is a 12-month ending September 30, 2000 need for 91 more beds, according to the applicant.

The applicant provided a third DRG analysis specific to patients potentially referred to its facility from St. Joseph's Hospital (see page 20 of the application). Absent a formal affiliation agreement between the applicant and St. Joseph's Hospital, there are two letters (March 29, 2001 and September 20, 2001) from Frank V. Murphy, III, President/CEO of BayCare Health System, which includes St. Joseph's Hospital, stating in part; "...we are in full support of this project, and because of the demographics and the changing nature of chronic illnesses in our community, we think it is essential that another program be established in Hillsborough County." Mr. Murphy also states; "We are committed to working with HealthSouth to locate this facility near of (or) possibly on our campus. HealthSouth's quality of care and comprehensive services would complement and support our continuum of care." Mr. Murphy further states in his September 20<sup>th</sup> letter that BayCare patients have difficulty accessing acute rehabilitation services in Hillsborough County, but did not state the number of patients the hospital was unable to appropriately place in a CMR bed within the district.

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The analysis of St. Joseph's Hospital discharges for 12 months ending September 30, 2000, sought to identify how many patients based on that historic data could be appropriate for CMR services. Utilizing this method, the applicant concluded a need for 49 beds. Even though the applicant sought to identify how many patients based on actual data could be appropriate for CMR services, it did not indicate what happened to these patients, whether they were referred to a CMR facility, a nursing home, or simply were not referred for needed CMR services. When actual data is available, assumptions regarding potential disposition of these patients is without substance.

The applicant did not demonstrate that patients were being denied appropriate CMR services within District 6 nor did it show that inappropriate CMR care was being administered to patients. Of the 1,653 discharges under DRG 462 for District 6 residents, only 6.6 percent (109 discharges) went out of the District for CMR services during calendar year 2000.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** contends throughout the application that the calculated need for CMR beds in District 6 is understated due to limited access and availability of CMR services. Availability is restricted, since beds, according to the applicant, are located in under-performing providers. The applicant provided a table (Table 1-1, page 1-4) of the 30 hospital-based CMR units around the state including the number of beds at each, the number of patient days at each and the occupancy of each. The average utilization of all 30 hospital-based CMR units for the period January 2000 - December 2000 was 67.10 percent. The applicant observes that only five of the 30 providers achieved occupancy over 85 percent and 16 of the 30 had utilization under 70 percent for the annual reporting period.

The applicant provided two tables to show the comparative utilization between hospital-based CMR units and freestanding CMR hospitals in Florida.

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**Florida CMR Hospital-Based Units  
With 30 or Fewer Beds  
Utilization January 2000 through December 2000**

<b>Hospital-based CMR Units</b>					
<b>District</b>	<b>Facility</b>	<b>Beds</b>	<b>Bed Days</b>	<b>Patient Days</b>	<b>Occupancy</b>
11	Parkway Regional Medical Center	12	4,392	2,614	59.52%
3	Leesburg Regional Medical Center North	15	5,490	4,321	78.71%
7	Sand Lake Hospital	18	6,588	4,984	75.65%
11	Mercy Hospital	20	7,320	6,166	84.23%
6	University Community Hospital	20	7,320	6,401	87.45%
5	North Bay Hospital	20	7,320	5,227	71.41%
1	Ft. Walton Beach Medical Center	20	7,320	4,187	57.20%
8	Fawcett Memorial Hospital	20	7,320	3,640	49.73%
5	Sun Coast Hospital	20	7,320	3,251	44.41%
8	Sarasota Memorial Hospital	24	8,784	7,939	90.38%
6	Winter Haven Hospital	24	8,784	6,089	69.32%
9	Lawnwood Regional Medical Center	26	9,516	7,863	82.63%
6	Blake Medical Center	28	10,248	9,176	89.54%
8	Naples Community Hospital	30	10,980	10,098	91.97%
10	North Broward Medical Center	30	10,980	7,895	71.90%
	<b>Total/Average</b>	<b>327</b>	<b>119,682</b>	<b>89,851</b>	<b>75.07%</b>

Source: CON Application #9491, page 1-5. Florida Hospital Bed Need Projection by District, July 2001.

From the above table the applicant concludes that hospital-based units generally serve patients from the hospital in which they are located and do not appear to be a draw beyond their own patients. The second conclusion the applicant draws from this table is that for some hospitals, their CMR units are larger than the internal caseloads generated from admissions; and hence, the CMR units are under-used.

Following is utilization of the freestanding CMR hospitals in Florida for the period January through December 2000.

**Florida Freestanding CMR Hospitals  
Utilization January 2000 through December 2000**

<b>District</b>	<b>Facility</b>	<b>Beds</b>	<b>Bed Days</b>	<b>Patient Days</b>	<b>Occupancy</b>
2	HealthSouth Rehab Hospital of Tallahassee	70	25,620	22,945	89.56%
2	HealthSouth Emerald Coast Rehab Hospital	65	15,090	14,555	96.45%
3	Shands Rehabilitation Hospital	40	14,640	10,053	68.67%
4	Brooks Rehabilitation Hospital	127	46,482	40,801	87.78%
5	HealthSouth Rehab Hospital (Largo)	70	23,226	22,252	95.81%
7	HealthSouth Sea Pines Rehabilitation Hospital	80	29,280	24,893	85.02%
8	HealthSouth Rehab Hospital (Sarasota)	70	25,620	24,124	94.16%
9	HealthSouth Treasure Coast Rehab Hospital	90	32,940	28,479	86.46%
9	Pinecrest Rehabilitation Hospital (Delray Beach)	90	32,940	32,044	97.28%
10	St. John's Rehab Hospital	20	7,320	3,848	52.57%
10	HealthSouth Sunrise Rehabilitation Hospital	116	42,456	37,103	87.39%
11	HealthSouth Rehabilitation Hospital	45	16,470	16,198	98.35%
11	Villa Maria Rehabilitation Hospital	60	21,960	7,047	32.09%
11	HealthSouth West Gables Rehabilitation Hospital	60	21,960	19,826	90.28%
	<b>Total/Average - Statewide</b>	<b>963</b>	<b>341,364</b>	<b>294,115</b>	<b>85.44%</b>

Source: CON Application #9491, page 1-6. Florida Hospital Bed Need Projection by District, July 2001.

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The applicant contends that the two preceding tables show that comprehensive medical rehabilitation units in acute care hospitals are not being utilized effectively, while freestanding comprehensive medical rehabilitation hospitals are more highly utilized.

Despite the applicant's contentions, documentation needed to show that CMR beds are needed in the district was not submitted. It therefore, cannot be assumed that beds are underutilized or that need has been suppressed by the Agency's need methodology. Documentation to support the applicant's contentions might include physician letters indicating that even though beds were available in the district, needed CMR services were not provided to patients.

Comparing the two tables above indicates that hospital-based CMR units experienced an occupancy lower than the freestanding CMR hospitals on average. The applicant concludes from this occupancy data that the hospital-based units throughout Florida generally serve patients from the hospital in which the unit is located, and do not appear to be a draw beyond their own patients. These data, however, do not support the applicant's claim. It is not clear that occupancy in selected CMR units in districts all over Florida correlate to "low supply" of beds in District 6. Further these data do not show that patients in hospitals without CMR units go unserved or that hospitals with CMR units only serve their own patients. This comparison could easily be used to demonstrate similarities between freestanding CMR facilities and hospital-based CMR units rather than differences. It is of interest to note that the applicant, in choosing only hospital-based CMR units of 30 beds or less, chose to represent only half of the 30 hospital-based CMR units in Florida. Among the 15 facilities with over 30 CMR beds, utilization ranges from 47.21 percent at Jackson Memorial Hospital to 91.64 percent at Holy Cross Hospital. In District 11, Mount Sinai Medical Center, a hospital-based unit, and HealthSouth West Gables, a freestanding CMR, both with 60 beds had occupancies above the 80 percent standard for CMR services. Again in District 11, freestanding Villa Maria with 60 beds had an average occupancy of 32.09 percent, while Jackson Memorial, an 80-bed hospital-based CMR unit had an average occupancy of 47.21 percent. The applicant might have supported its claim with letters from hospitals without CMR units stating that they could not or did not place patients in CMR units within other hospitals.

The applicant tries to demonstrate that the greater supply in a district of CMR beds, the higher the utilization. The applicant presents the following table:

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<b>Availability of Comprehensive Medical Rehabilitation Inpatient Beds By District January 2000 - December 2000</b>					
<b>District</b>	<b>Licensed &amp; Approved CMR Beds</b>	<b>Occupancy Rate (%)</b>	<b>Total Population July 1, 2000</b>	<b>Beds per 1,000 Population</b>	<b>Number of Specialty Hospitals</b>
District 2	166	92.11	667,003	0.2489	2
District 8*	249	81.88	1,196,310	0.2081	1
District 10	293	78.66	1,522,289	0.1925	2
District 11	421	69.13	2,245,212	0.1875	3
District 9	256	84.15	1,533,014	0.1670	2
District 5	170	65.50	1,238,601	0.1373	1
District 1	78	50.91	648,666	0.1202	0
District 4	167	81.24	1,602,218	0.1042	1
District 7	192	74.43	1,884,970	0.1019	1
District 3	115	71.41	1,285,942	0.0894	1
District 6	131	76.08	1,834,006	0.0714	0
State	2,238	75.86	15,658,231	0.1429	14

Source: CON Application #9491, page 1-7. Florida Hospital Bed Need Projection by District July 2001. Population from Population Estimates, September 2000.

\* District 8 has 45 approved CMR beds from January 2001 batching cycle thereby raising its rank to No. 2; prior to that approval, District 9 stood at No. 2.

As shown above, Districts 1 and 6 have no freestanding CMR hospitals. The applicant points out that the occupancy rate for District 1, at 50.91 percent, is much less than that for District 6, at 76.08 percent. The applicant interprets this to mean that the more beds that are located in hospital-based CMR units, the lower the occupancy rate when no freestanding facilities exist. One cannot draw this conclusion by comparing Districts 1 and 6, since neither has a freestanding CMR, which the applicant pointed out. Again, these data do not support the applicant's contention. If the number of beds equates to utilization with the largest number of beds experiencing the highest occupancy rates, then District 11 with 421 beds should have the highest occupancy rate in the state, but has the third lowest rate.

Generally, according to the applicant, access is reduced when CMR beds are located in acute care facilities and access is promoted when freestanding facilities are available. However District 6 has a higher utilization rate than District 11, which has three freestanding CMR facilities while District 6 has no freestanding CMR facilities. The applicant looks exclusively at freestanding CMR hospitals to show that these facilities experience higher occupancies. A chart is provided on page eight of section one in the application. Genesis says that the continued supply of CMR beds in acute care hospitals reduces utilization. It also says that the presence of a freestanding specialty hospital in District 6 should increase availability, as observed in higher occupancy levels at specialty hospitals around the state providing CMR services. However, in Districts 3, 5, 7 and 11 all of which have

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freestanding CMR facilities the occupancy rate for these districts are lower than District 6, which has no freestanding CMR facilities. Therefore introducing a freestanding CMR facility in District 6 does not indicate there will be an increase in utilization for the district. Conversely, it will probably have a negative impact on the existing providers of CMR services in District 6 and lower the utilization rate. Again, the applicant has failed to show that patients in District 6 requiring CMR services are not receiving them and that additional beds, whether in a freestanding specialty hospital or a general hospital, are needed.

The applicant also compared patient days per 1,000 population in each of the districts for the period January 2000 through December 2000. The applicant applied the statewide average of patient days to District 6, which is 36 days per 1,000 population. This generates 66,234 patient days, which is higher than the 36,475 patient days presently reported. The difference between the projected and actual is 29,759, which would yield an average daily census of 82 patients sufficient to fully occupy a hospital of 60 beds, according to the applicant. However, the agency's need methodology is based on empirical evidence of projected population increases over a specified period of time, along with past utilization of particular services and projects no need for the district.

The applicant discussed District 6 residents out-migrating to freestanding hospitals. The applicant claims that in 2000 (most recent data disseminated by AHCA) District 6 had 6,978 CMR patient days (445 cases) leave the district for services in Freestanding CMR facilities. Discharge data compiled by the Agency for calendar year 2000 indicates there were 1,653 discharges of District 6 residents classified under DRG 462 (CMR). Of this number 109 (6.6 percent) were outsourced, discharged from hospitals outside District 6.

The applicant projects the need for a freestanding hospital in District 6 in the table below.

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<b>Projected Need for Comprehensive Medical Rehabilitation Beds</b>						
	Population July 2000	Population Distribution	Weighted Beds	Current Bed Need	Population January 2007	2007 Need
Hardee	22,883	0.0125	2	2	23,332	2
Highlands	82,938	0.0452	6	6	91,551	7
<b>Hillsborough</b>	<b>985,424</b>	<b>0.5373</b>	<b>70</b>	<b>70</b>	<b>1,079,386</b>	<b>84</b>
Manatee	259,046	0.1412	19	19	288,382	23
Polk	483,715	0.2637	35	35	528,590	41
<b>District 6</b>	<b>1,834,006</b>	<b>1.0000</b>	<b>131</b>	<b>131</b>	<b>2,011,241</b>	<b>156</b>

Source: CON #9491, page 1-12. AHCA's Bed Need Projections and Population Estimates, September 2000

This methodology fails to consider utilization at existing CMR facilities, it is for this reason that bed to population ratios are not good indicators of need. Again, the Agency's need methodology is based on empirical evidence of projected population increases over a specified period of time along with past utilization of particular services and projects no need for additional CMR beds in the district.

In summary, the applicant failed to demonstrate that the number of CMR beds in the district, which it considers to be in low supply, reduces availability and access. No documentation was presented showing that district residents could not access CMR services. Numeric need for the addition of a 60-bed freestanding CMR in District 6 has not been demonstrated by the applicant. It is suspected that existing providers would be negatively impacted if the proposed project were approved.

**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-1.039, Florida Administrative Code.**

The District 6 October 2000 CON Allocation Factors Report provides the following preferences for both competing and non-competitive applications pertaining to comprehensive medical rehabilitation beds:

- a. Certificate of Need applications that provide the AHCA with documentation that they provide, or will provide, the largest percent of Medicaid and charity care patient days in relation to other hospitals in the district.**

The following table represents a comparison of Medicaid and charity care at the four acute care hospitals in the District 6 that have CMR units. The Medicaid and charity care represents the whole hospital.

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<b>Acute Care Hospitals' Medicaid and Charity Care Comparison in FY 1999</b>		
Hospital	Medicaid	Charity
Blake Medical Center	1.7%	0.5%
Tampa General Hospital	18.9%	8.8%
University Community Hospital	4.9%	2.0%
Winter Haven Hospital	5.8%	1.4%
Average for all 19 acute care hospitals In District 6	8.8%	3.4%
CON #9490 - Continental Medical, proposed	Combined 3 % Medicaid/charity	
CON #9491 - Genesis/Brooks, proposed	6.6%	1.0%

Source: AHCA Hospital Financial Data records and CON applications #9490 & 9491.

**Continental Medical of Palm Beach, Inc. (CON #9490)** conditions the proposed project to a combined three percent of its patient days to Medicaid and charity care patients. The applicant provided a table showing the proportion of patient days provided to Medicaid recipients in 2000:

<b>Proportion of Patient Days Provided to Medicaid Recipients-HealthSouth Florida Hospitals Calendar Year 2000</b>	
Hospital	Percent of Total Patient Days
HealthSouth Emerald Coast	3.7%
HealthSouth Tallahassee	6.1%
HealthSouth Largo	4.3%
HealthSouth Sea Pines	1.1%
HealthSouth Treasure Coast	1.0%
HealthSouth Sarasota	4.4%
HealthSouth Sunrise - Broward County	1.7%
HealthSouth Rehab Hospital - Miami-Dade County	8.6%
HealthSouth West Gables Rehab	14.0%
HealthSouth Doctor's Hospital	3.0%

Source: CON Application #9490. Data provided by the applicant, p. 44.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** conditions the proposed project to a minimum of 6.6 percent of its patient days to Medicaid patients and one percent to charity care patients. The applicant provided a table showing Brooks Rehabilitation Hospital's Medicaid and charity history from 1997 through August 2000.

<b>Hospital's Historical Provision of Medicaid and Charity Care for Selected Years</b>				
Payer	Percent of Days 1997	Percent of Days 1998	Percent of Days 1999	Percent of Days 2000
Medicare	52.2	56.7	56.9	57.5
Medicaid	5.3	7.0	6.1	5.7
Charity	2.4	1.3	1.1	.8
Other	40.1	35.0	36.0	36.0
Total	100.0	100.0	100.0	100.0

Source: CON Application #9491. Data provided by the applicant, p. 2-4.

- b. **Certificate of Need applications that review the services provided by the existing inventory of certified inpatient rehabilitative services, comprehensive outpatient rehabilitation facilities and long-term skilled nursing facilities (SNFs) and describe why the identified need is not being met.**

Neither applicant demonstrated that there was unmet need in the district. Of the 1,653 CMR (DRG 462) discharges of District 6 residents during calendar year 2000, only 109 (6.6 percent) of these were from out of area hospitals. Only 14 discharges were in the 0-15 age group category, and all but one of these was discharge from Tampa General Hospital.

- c. **Certificate of Need applications that document in the CON proposal the existence of written agreements with a broad range of area hospitals, nursing homes, home health agencies, rehabilitation specialists, and/or other appropriate service providers that promote the continuity of care.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** submitted letters of support it received from individuals and organizations that indicate they have relationships and arrangements with the parent company HealthSouth.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** is not an existing provider in District 6 and does not have any service locations in the district. Letters of commitment from existing area facilities to the applicant, should the applicant receive a CON, were not provided.

- d. **Certificate of Need applications that include a commitment to serve hard-to-place patients, including persons with unique medical conditions and/or persons with inadequate or non-existent third-party coverage.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** conditions the proposed project to a combined minimum of three percent of its patient days to Medicaid/charity patients. Also the applicant commits to establishing a six-bed pediatric program and a six-bed brain and spinal cord injury program. The applicant considers these pediatric and brain/spinal cord patients the hard-to-place patients.

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**Genesis Rehabilitation Hospital, Inc. (CON #9491)** claims that it has and will continue to serve the hard-to-place patient. As noted earlier, the applicant committed to provide a minimum of 6.6 percent of its patient days to Medicaid patients and one percent of its patient days to charity care patients.

**3. Agency Rule Criteria**

**Please indicate how each applicable preference for the type of service proposed is met. Refer to Chapter 59C-1.039, Florida Administrative Code, for applicable preferences.**

**a. Section 59C-1.039(3) & (4), Florida Administrative Code: General Provisions and Required Staffing and Services**

**General Provisions:**

- 1. Service Location. The CMR inpatient services regulated under this rule may be provided in a hospital licensed as a general hospital or licensed as a specialty hospital.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** is proposing to establish a 40-bed CMR Hospital to be located in Hillsborough County.

**Genesis Rehabilitation Hospital, Inc.(CON #9491)** is proposing to establish a 60-bed CMR Hospital to be located in Hillsborough County.

- 2. Separately Organized Units. CMR inpatient services shall be provided in one or more separately organized units within a general hospital or specialty hospital.**

**Continental Medical of Palm Beach, Inc. (CON #9490):** As indicated previously, the applicant is proposing to establish a CMR specialty hospital. Within the 40-bed facility, the applicant is proposing to have a six-bed brain and spinal cord injury unit and a six-bed pediatric unit.

**Genesis Rehabilitation Hospital, Inc.(CON #9491):** As indicated previously, the applicant is proposing to establish a CMR specialty hospital.

3. **Minimum Number of Beds.** A general hospital providing comprehensive medical rehabilitation inpatient services should normally have a minimum of 20 comprehensive medical rehabilitation inpatient beds. A specialty hospital providing CMR inpatient services shall have a minimum of 60 CMR inpatient beds.

**Continental Medical of Palm Beach, Inc. (CON #9490):** The proposed project involves the establishment of a 40-bed CMR hospital in Hillsborough County, less than the minimum of 60 CMR inpatient beds in a specialty hospital.

**Genesis Rehabilitation Hospital, Inc.(CON #9491):** The proposed project involves the establishment of a 60-bed CMR hospital in Hillsborough County.

4. **Conformance with Criteria for Approval.** A CON for the establishment of new CMR inpatient services, the construction or addition of new CMR inpatient beds, or the conversion of licensed hospital acute care beds to CMR inpatient beds shall not normally be approved unless the applicant meets the applicable review criteria in section 408.035, Florida Statutes, and the standards of need determination criteria set forth in this rule.

Refer to Sections E.1.c. above, and E.4.a. below.

5. **Medicare and Medicaid Participation.** An applicant proposing to increase the number of licensed CMR inpatient beds at its facility shall participate in the Medicare and Medicaid programs.

**Continental Medical of Palm Beach, Inc. (CON #9490)** claims that it will be a participating provider in the Medicare and Medicaid programs as is its parent organization.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** serves Medicaid-eligible persons and will continue to do so.

**b. Required Staffing and Services.**

- 1. Director of Rehabilitation. CMR inpatient services must be provided under the medical director of rehabilitation who is a board-certified or board-eligible psychiatrist and has had at least two years of experience in the medical management of inpatients requiring rehabilitation services.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** will provide CMR services in the proposed facility under the direction of a medical director of rehabilitation who is a board-certified psychiatrist and has had at least two years of experience in the medical management of inpatients requiring rehabilitation services. The applicant stated it is evaluating various candidates and will identify the most appropriate physician to fill the position of medical director.

**Genesis Rehabilitation Hospital, Inc. (CON #9491):** The hospital's medical director will be appointed by Deborah Stewart, M.D., who is the current medical director of Brooks Rehabilitation Hospital in Duval County.

- 2. Other Required Services. In addition to the physician services, CMR inpatient services shall include at least the following services provided by qualified personnel:**
  - 1. Rehabilitation nursing**
  - 2. Physical therapy**
  - 3. Occupational therapy**
  - 4. Speech therapy**
  - 5. Social services**
  - 6. Psychological services**
  - 7. Orthotic and prosthetic services**

**Continental Medical of Palm Beach, Inc. (CON #9490):** With the exception of orthotic and prosthetic services, all other services will be offered by employees of the applicant. The applicant stated orthotics/prosthetic services are more cost-effective and efficient when contracted out of the hospital. HealthSouth, the parent company, will contract with a wide variety of vendors.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** provides a range of services that exceed the minimum requirements and these services will be provided at the new hospital.

- c. **Section 59C-1.039(5)(g), Florida Administrative Code, states that priority considerations for CMR inpatient services will be given to applicants who: (1) are a disproportionate share hospital; (2) are proposing to service Medicaid-eligible persons; and, (3) are a designated trauma center.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** indicated as a specialty comprehensive medical rehabilitation hospital, it is not eligible for either disproportionate share status or as a designated trauma center.

As mentioned previously, the applicant is conditioning this project to providing a minimum of three percent of its patient days to Medicaid and/or charity care patients, along with 15 percent of its beds (six beds) to brain and spinal cord injury patients and 15 percent of its beds (six beds) to pediatrics.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** indicated that as a specialty comprehensive medical rehabilitation hospital, it is not eligible for either disproportionate share status or as a designated trauma center.

As mentioned previously, the applicant is conditioning the approval of this application to a minimum of 6.6 percent of its patient days to Medicaid and one percent of its patient days to charity care patients.

- d. **59C-1.039(6), Florida Administrative Code, Access Standard Comprehensive medical rehabilitation inpatient services should be available within a maximum ground travel time of two hours under average travel conditions for at least 90 percent of the district's total population.**

The travel standard has been met in the district.

- e. **59C-1.039(7), Florida Administrative Code, Quality of Care: CMR inpatient services shall comply with agency standards for program licensure described in section 59A-3, Florida Administrative Code. Applicants who submit an application that is consistent with the agency licensure standards are deemed to be in compliance with this provision. Applicants proposing to add beds to a licensed CMR inpatient service shall be accredited by CARF specialized inpatient rehabilitation, as applicable to the facility; or, if not yet eligible for CARF accreditation, the applicant shall have received full Medicare certification as a rehabilitation hospital.**

Refer to Section 4. b. below.

f. **59C-1.039(8), Florida Administrative Code, Services Description:**  
**An applicant for comprehensive medical rehabilitation inpatient service shall provide a detailed program description in its certificate of need application including:**

**1. Age groups to be served.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** stated the predominant age groups to be served at the proposed new facility are patients in the 65 and older age cohorts. As noted earlier, the applicant also agrees to condition award of the CON to establishing a six-bed pediatric program.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** will serve children and adolescents as well as adults.

**2. Specialty inpatient rehabilitation services to be provided, if any (e.g. spinal cord injury; brain injury).**

**Continental Medical of Palm Beach, Inc. (CON #9490)** will provide a six-bed brain and spinal cord injury specialty program, or 15 percent of its beds as reflected on the *Conditions* page, in the 40-bed facility. In addition to these programs, a number of other programs will be offered including: pulmonary rehabilitation program; ventilator management program; lymphedema management program; cardiac rehabilitation program; cardiac telemetry services; neurological rehabilitation program; aquatic therapy program; arthritis program; wound care program; laminectomy program; orthopedic rehabilitation program; stroke rehabilitation program; spasticity management program; hand rehabilitation program; balance and vestibular program; fibromyalgia rehabilitation program; chronic pain management program; and a pediatric rehabilitation program.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** provides specialty inpatient rehabilitation services and will provide these services at the new hospital such as comprehensive medical inpatient rehabilitation, spinal cord rehabilitation, brain injury, interdisciplinary pain rehabilitation and pediatrics.

3. **Proposed staffing, including qualifications of the medical director, a description of staffing appropriate for any specialty program, and a discussion of the training and experience requirements of all staff who will provide comprehensive medical rehabilitation inpatient services.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** indicates all staff at the proposed new facility will have job descriptions and/or similar criteria based evaluation forms to ensure each is properly qualified, trained and supervised. Many staff members will have been with HealthSouth at other Florida facilities and recruited to serve at the proposed facility.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** claims it will meet this provision.

4. **A plan for recruiting staff, showing expected sources of staff.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** states that the methods of staff recruitment will include: in-house job posting; corporate recruiting; employment open house; professional recruitment firms; participation in local job fairs; advertising in local newspapers, specialty newsletters/magazines; advertising in colleges that have specialty programs; strong clinical affiliations program with Allied Health fields with a variety of universities; participation in professional conferences and educational events on a local and regional level; HealthSouth Corporation clinical travelers; and flyers mailed to home addresses from nationwide mailing lists.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** states that the methods of recruitment will include: newspaper advertisements; vacancies posted at colleges; associations with city and government funded job services; professional association newsletters; direct mail; attendance at career fairs and conventions; employee referrals; professional recruitment firms and the internet.

**5. Expected sources of patient referrals.**

**Continental Medical of Palm Beach, Inc. (CON #9490):**

Referrals to the proposed 40-bed CMR hospital are expected to come from area hospitals, nursing homes, physicians, assisted living facilities, home health agencies and word of mouth. The applicant projected need for 49 additional CMR beds utilizing specific discharge data from St. Joseph's Hospital over a 12-month period, ending September 30, 2000. The applicant contends that it is significant that facility specific data from St. Joseph's Hospital, with whom it intends to affiliate, is sufficient to demonstrate a need for at least 49 CMR beds, nine more beds than it is requesting. However the applicant did not discuss the actual CMR treatment provided to these patients and at what type facility such treatment was provided. There is no evidence that patients are not receiving appropriate CMR care currently.

**Genesis Rehabilitation Hospital, Inc. (CON #9491):** Expected sources of patient referrals include acute care hospitals, as well as physicians, particularly orthopedic and neurological specialties.

**6. Projected number of comprehensive medical rehabilitation in-patient services patient days by payer type, including Medicare, Medicaid, private insurance, self-pay and charity care patient days for the first two years of operation after completion of the proposed project.**

**Continental Medical of Palm Beach, Inc. (CON #9490):**

Following is a table illustrating the projected patient days by payor for the first two years of operation:

<b>Projected Patient Days by Payor</b>		
<b>Payor Source</b>	<b>Year 1</b>	<b>Year 2</b>
Medicare	6,537	7,876
Medicaid	546	656
Workers Comp	546	656
Insurance/PPO	3,268	3,939
<b>Total</b>	<b>10,897</b>	<b>13,128</b>

Source: CON #9490, page 73 and Schedule 7.

**Genesis Rehabilitation Hospital, Inc. (CON #9491):** The table below reflects projected patient days by payor, for the first two years of operation:

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<b>Projected Patient Days by Payor</b>		
<b>Payor Source</b>	<b>Year 1</b>	<b>Year 2</b>
Self Pay	681	776
Medicare	9,680	11,022
Medicaid	1,045	1,190
Insurance	1,392	1,585
HMO/PPO	3,550	4,042
Total	16,349	18,615

Source: CON #9491 Schedule 7.

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

**Continental Medical of Palm Beach, Inc. (CON #9490)** stated it does not discriminate against any person and will treat all patients regardless of their ability to pay should they meet clinical admission requirements.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** states in its Uncompensated Care Policy in Exhibit 2-3 that it determines eligibility by utilizing the current guidelines issued by AHCA and/or the current federal poverty income guidelines.

**g. 59C-1.039(10), Florida Administrative Code, Utilization Reports**

**Continental Medical of Palm Beach, Inc. (CON #9490)** contends it will participate in the data collection activities of the agency and the local health council along with the data collection activities in accordance with Chapter 408 of the Florida Statutes and it will provide any required data in a timely manner. In addition, it will provide sufficient data to demonstrate compliance to the program conditions associated with the proposed project.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** will continue to report utilization and other required information as scheduled to the agency and the Health Council of West Central Florida, Inc.

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.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** discussed availability and accessibility in terms of residents in District 6 being underserved.

According to the applicant, residents are foregoing necessary CMR services, or accepting an inappropriate level of care, such as at a nursing home. The applicant did not demonstrate this contention and failed to show that area residents have a problem accessing CMR services. Of the 1,653 CMR (DRG 462) discharges of District 6 residents during calendar year 2000, only 109 (6.6 percent) were discharged from hospitals outside of the district.

The applicant did not demonstrate that the quality of care in the district would be improved with the implementation of this project. Refer to E. 4. b. below for further discussion.

Efficiency, as described by the applicant, relates to the high quality service offered by the applicant in a cost-efficient/effective manner. When the scope, breadth and depth of services are taken into account, the applicant stated, HealthSouth Corporation, the parent company, is one of the most highly qualified providers of rehabilitation services and is one of the largest providers of CMR services in the nation. However, this does not demonstrate an improvement in efficiency to the District 6 health care system.

District 6 currently has four CMR facilities with a total of 131 beds. The average occupancy was 76.08 percent during the period January 2000 through December 2000. Need for this project is not evidenced by the utilization of like and existing services in the service area.

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**Genesis Rehabilitation Hospital, Inc. (CON #9491)** contends that the calculated need for CMR beds in District 6 is understated due to limited access and availability of CMR services. Availability is restricted, according to the applicant, since beds are located in under-performing providers. The applicant has generalized by stating that access is reduced when CMR beds are located in acute care facilities and access is promoted when freestanding facilities are available. In Districts 3, 5, 7 and 11, all of which have freestanding CMR facilities, the occupancy rate for these districts are lower than District 6, which has no freestanding CMR facilities. The addition of a freestanding CMR facility in District 6 does not necessarily indicate there will be an increase in utilization, to the contrary it will probably have a negative effect on existing providers of CMR services and therefore lower CMR utilization rates. The applicant failed to demonstrate that patients in District 6 requiring CMR services are not receiving them and that additional beds, whether in a freestanding specialty hospital or a general hospital, are needed.

The applicant also compared patient days per 1,000 population, in each of the districts for the period January 2000 through December 2000 to justify need for 60 beds. The Agency's need methodology is based on empirical evidence of projected population increases over a specified period of time, along with past utilization of particular services and projects no need for the district.

The applicant claims that in 2000, 445 cases left District 6 for services in freestanding CMR facilities. Discharge data compiled by the Agency for calendar year 2000 indicates there were 1,653 discharges of District 6 residents classified under DRG 462 (CMR). Of this number 109 (6.6 percent) were outsourced, discharged from hospitals outside District 6. No documentation was presented showing that district residents could not access CMR services. Numeric need for the addition of a 60-bed freestanding CMR in District 6 has not been demonstrated by the applicant.

In respect to quality of care, the applicant did not demonstrate that the quality of care in the district would be improved with the implementation of this project. Refer to E. 4. b. below for further discussion.

The applicant defines efficiency as a comparison of cost to production. The pro formas indicate that reasonable costs are associated with the construction and operation of the 60-bed hospital.

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District 6 currently has four CMR facilities with a total of 131 beds. The average occupancy was 76.08 percent during the period January 2000 through December 2000. Need for this project is not evidenced by the utilization of like and existing 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.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** has no history to demonstrate it is a quality care provider, but it relies on its parent company, HealthSouth, to demonstrate its ability to provide quality care. The applicant discussed a rehabilitation patient care process that consists of a planned and orderly sequence of services designed to meet the needs of each person including the following steps:

Admission-Pre-admission  
Assessment of Patient  
Treatment Planning  
Treatment  
Reassessment  
Discharge-Education of Patients and Family  
Follow-up

As stated previously, the applicant will utilize performance improvement programs including the performance improvement plans instituted at other HealthSouth hospitals. The Quality Management Department will implement the performance improvement plan to measure, assess and improve patient care on an ongoing basis. This plan will focus on patient care that is characterized as being customer-focused, effective, efficient, appropriate, timely, accessible and well documented.

The proposed facility in Hillsborough County will be JCAHO and CARF accredited and will apply to become a specialty provider of brain and spinal cord injury services through the Florida Division of Vocational Rehabilitation.

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**Genesis Rehabilitation Hospital, Inc. (CON #9491)** provided copies of accreditation letters that show accreditation by the Joint Commission on Accreditation of Health Care Organizations (JCAHO) and by the Commission on the Accreditation of Rehabilitation Facilities (CARF). Brooks Hospital has maintained its accreditation with both organizations since participation began, and is accredited for the maximum available, three years. Brooks Hospital has met the high standards required of CARF accreditation for specialty programs such as spinal cord injury, brain injury, and pain rehabilitation, which also are indicative of the quality of care available to Brooks Rehabilitation hospital's patients.

The applicant has comprehensive policy and procedure guidelines that control the standards of clinical practice in the hospital. It employs utilization review and quality assurance programs to ensure high quality of patient care.

In regard to performance improvement plan, the hospital has in place programmatic teams consisting of members from the various disciplines organized to design and implement a rehabilitation program for patients, based on diagnostic groupings such as brain injury, pediatric, spinal cord injury, orthopedic, neurological, CVA, and chronic pain.

The applicant has a history of providing 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 proposed projects do not involve special health care services that are not reasonably or economically accessible in adjacent districts.

- 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.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** stated it is not a statutory teaching hospital nor is the proposed project's primary purpose research or physician education.

The applicant indicated it will establish agreements/affiliations with educational/training programs to use the proposed hospital for applicable clinical training and internships.

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The applicant will play an active role in the development of future rehabilitation and nursing professionals. Nurses, PTs, OTs, RTs and a variety of other para-professionals and professionals interested in rehabilitative care will benefit from the establishment of a new CMR hospital in Hillsborough County. In turn, the applicant will benefit from these programs in that they have a source of potential employee training in the quality care service delivery atmosphere.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** stated it is not a statutory teaching hospital nor is the proposed project's primary purpose research or physician education. However it is committed to assuring employees that they are equipped with the technical skills and expertise to provide clinical care that meets the highest standards of practice.

The applicant also participates in an extensive student clinical internship program encompassing a large number of disciplines; offers student scholarships in physical therapy, occupational therapy, and speech therapy; the facility is used as a classroom for local colleges' allied health programs.

The applicant expects it's professional and support staff to be active in local organizations and support groups which impact and benefit the lives of the physically disabled.

- e. **What resources, including health manpower, management personnel, and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.035(6), Florida Statutes. *Please include the following in your response:***
- o 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.

**Continental Medical of Palm Beach, Inc. (CON #9490):** The audited financial statements of Continental Medical of Palm Beach, Inc., for the periods ending December 31, 2000 and 1999 were analyzed for the purpose of evaluating the applicant's ability to provide the capital and operational funding necessary to implement the project.

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The applicant is a development stage enterprise and a wholly owned subsidiary of HealthSouth Corporation. The audited financial statements indicated the company had no expenditures, operating revenues, or cash flows as of December 31, 2000. The balance sheet showed \$100 in total assets.

### **Capital requirements:**

Schedule 2 indicates capital projects of \$18.2 million. This project is expected to cost \$13.9 million. HealthSouth Corporation currently has two other CON's, the most expensive of which is for \$18,072,480. Since HealthSouth will only complete one of these projects, the most expensive project and \$125 thousand in other capital projects is listed as the possible total capital costs.

### **Available capital:**

Funding for these projects will come from \$125 thousand cash provided by operating cash flows and \$18.0 million from funds assured but not in hand. Continental Medical of Palm Beach, Inc. is a wholly owned subsidiary of HealthSouth Corporation, which provided a commitment letter for funding the project and a copy of HealthSouth's 10-K report, filed with the SEC for the year ended December 31, 2000. The commitment letter stated HealthSouth Corporation has \$950 million available under a line of credit and \$190 million in cash as of June 30, 2001. HealthSouth Corporation's 10-K report disclosed \$180.3 million in cash, \$7.4 billion in assets and \$3.5 billion in stockholders equity as of December 31, 2000.

### **Conclusion:**

Based on HealthSouth Corporation's 10-K report, funding for this project should be available as needed.

**Genesis Rehabilitation Hospital, Inc. (CON #9491):** The audited financial statements for the periods ending December 31, 2000 and 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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	12/31/2000	12/31/1999
Current Assets	\$ 10,097,958	\$ 8,698,624
Cash and Current Investment	\$ 4,131,177	\$ 2,971,107
Assets Restricted for Capital Projects	\$ 6,616,280	\$ 7,524,995
Total Assets	\$ 44,758,836	\$ 46,554,038
Current Liabilities	\$ 3,492,769	\$ 5,184,609
Total Liabilities	\$ 27,292,769	\$ 28,984,609
Total Equity	\$ 17,466,067	\$ 17,569,429
Net Operating Revenues	\$ 37,397,245	\$ 33,182,561
Interest Expense	\$ 1,152,394	\$ 812,942
Net Profit – Operations	\$ 2,607,852	\$ 1,644,809
Net Income	\$ 3,237,571	\$ 2,270,696
Cash Flow from Operations	\$ 4,131,726	\$ 2,184,929
Working Capital	\$ 6,605,189	\$ 3,514,015
Current Ratio (CA/CL)	2.9	1.7
Cash Flow to Current Liabilities (CFO/CL)	1.2	0.4
Long-Term Debt to Equity (TL-CL/TE)	1.4	1.4
Times Interest Earned (NPO+Int/Int)	3.3	3.0
Equity to Total Assets (TE/TA)	39.0%	37.7%
Operating Margin (NPO/NOR)	7.0%	5.0%
Total Margin (NI/NOR)	8.7%	6.8%
Return on Assets (NI/TA)	5.8%	3.5%
Operating Cash Flow to Assets (CFO/TA)	9.2%	4.7%

### **Short-term position:**

The applicant's current ratio of 2.9 indicates current assets are nearly 3 times short-term liabilities. This ratio is in the upper 20 percentile of Florida hospitals, a strong position. The working capital (current assets less current liabilities) of \$6.6 million is a measure of excess liquidity that could be used to fund capital projects. The ratio of cash flow to current liabilities of 1.2 is also strong. Overall, the applicant has an excellent short-term position.

### **Long-term position:**

The long-term debt to equity of 1.4 indicates long-term debt is greater than equity. This is below average, and a moderately weak position. The cash flow to assets of 9.2 percent is above average. Total equity is \$17.5 million with the ratio of equity to assets 39 percent, an average level. Overall, the applicant has an average long-term position.

### **Capital requirements:**

Schedule 2 indicates the applicant has \$79.5 million in capital projects. Schedule 2 did not include maturities of long-term debt. The audited financial statements show long-term debt of \$3.0 million through year two of the project, which brings the total capital needs to \$82.5 million.

**Available capital:**

Funding for the proposed projects is coming from cash from operations in the amount of \$4 million, and \$75.5 million from tax-exempt revenue bonds requiring 30 percent equity from the parent, Genesis Health, Inc. d/b/a Brooks Health System. The audited financial statements of the applicant indicate it has cash and current investments of \$4.1 million, \$6.6 million in assets reserved for capital projects, and \$4.1 million in annual cash flows or \$20.5 million through year 2 of the project. The applicant is owned by Genesis Health, Inc. d/b/a Brooks Health System, which provided a letter of commitment indicating its willingness to meet the funding needs of this project. However, no supporting documentation of its ability (its audited financial statements) was provided. The parent company stated in the commitment letter it has \$12.7 million in cash and \$152 million in board-designated funds, which appears adequate to fund the \$22.6 million needed to fund its 30 percent of the proposed capital projects.

**Conclusion:**

Based on its audited financial statements, the applicant has adequate funding strength to meet the capital needs of the project under review. The funding of all other capital projects is dependent on the parent. While a funding letter was provided, along with discussion of its ability to fund the projects, adequate proof of its ability was not provided. Funding for all capital projects is not fully assured.

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

**Continental Medical of Palm Beach, Inc. (CON #9490):** A comparison of the applicant's estimates to the control group values provides for an objective evaluation of financial feasibility, (the likelihood that the services can be provided under the parameters and conditions contained in Schedules 7 and 8), and efficiency, (the degree of economies achievable through the skill and management of the applicant). In general, projections that approximate the median are the most desirable, and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible, because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the lowest in the group, it is less likely that the project is feasible, because a much higher level of economies must be realized to achieve the desired outcome.

**CON Action Numbers: 9490 & 9491**

These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go beyond the relevant range of outcomes, revenues and expenses may, either go beyond what the market will tolerate, or may decrease to levels where activities are no longer sustainable.

Comparative data were derived from hospitals in peer groups that reported data in 1999; the applicant will be compared to the hospitals in peer group 18. Per diem rates are projected to increase by an average of 3.5 percent per year. Inflation adjustments were based on the most current Florida Hospital Input Price Index.

Projected net revenue per adjusted patient day (NRAPD) of \$589 in year one and \$622 in year two is between the control group lowest and median values of \$445 and \$716 in year one and \$457 and \$622 in year two. The lowest value is generally viewed as the practical lower limit on economies of operation. With net revenues per adjusted patient day falling between the lowest and median the facility is expected to consume health care resources in proportion to the services provided. (See Comparative Table).

Projected cost per adjusted patient day of \$601 in year one and \$532 in year two is between the group lowest and median values of \$397 and \$684 in year one and \$408 and \$703 in year two. (See Comparative Table). Compared to the control group these costs are efficient.

The year two operating profit for the hospital of \$1.37 million computes to an operating margin per adjusted patient day of \$90 which is between the control group lowest and median values of \$23 and \$23. The computed operating margin ratio is 14.5 percent.

This application appears to be financially feasible.

**CON Action Numbers: 9490 & 9491**

**Comparative Table**

<b>CON # 9490</b>					
<b>Continental Medical of Palm Beach, Inc.</b>	2005	YEAR 2	INFLATION ADJUSTED		
<b>1999 DATA Peer Group 18</b>	YEAR 2	ACTIVITY	VALUES		
	ACTIVITY	PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	5,224,546	343	692	388	236
INPATIENT AMBULATORY	0	0	6	0	0
INPATIENT ANCILLARY SERVICES	11,354,855	746	1,203	740	405
OUTPATIENT SERVICES	2,596,650	171	481	235	35
OTHER OPERATING REVENUE	36,000	2	39	2	-14
TOTAL REVENUE	19,212,051	1,263	2,361	1,459	880
DEDUCTIONS FROM REVENUE	9,751,195	641	*	*	*
NET REVENUES	9,460,856	622	1,292	736	457
<b>EXPENSES</b>					
ROUTINE	2,165,955	142	276	113	60
ANCILLARY	1,693,383	111	285	171	89
AMBULATORY	0				
OVERHEAD	4,233,068	278	460	389	259
OTHER	0	0			
TOTAL EXPENSES	8,092,406	532	974	703	408
OPERATING INCOME	1,368,450	90	174	23	-141
		14.5%			
<b>NOT INFLATION ADJUSTED</b>					
PATIENT DAYS	13,128				
ADJUSTED PATIENT DAYS	15,213				
TOTAL BED DAYS AVAILABLE	14,600				
ADJ. FACTOR	0.8630				
TOTAL NUMBER OF BEDS	40				
PERCENT OCCUPANCY	89.9%		102.4%	91.9%	32.9%
<b>PATIENT</b>					
PAYER TYPE	DAYS	% TOTAL			
MEDICARE	7,876	60.0%	83.6%	75.3%	43.3%
COMMERCIAL	3,939	30.0%			
MEDICAID	656	5.0%	16.0%	5.1%	0.9%
PRIVATE	0	0.0%			
HMO/PPO	0	0.0%	20.6%	10.1%	0.0%
OTHER	656	5.0%			
TOTAL	13,127	100.0%			

## CON Action Numbers: 9490 & 9491

**Genesis Rehabilitation Hospital, Inc. (CON #9491):** A comparison of the applicant's estimates to the control group values provides for an objective evaluation of financial feasibility, (the likelihood that the services can be provided under the parameters and conditions contained in Schedules 7 and 8), and efficiency, (the degree of economies achievable through the skill and management of the applicant). In general, projections that approximate the median are the most desirable, and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible, because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the lowest in the group, it is less likely that the project is feasible, because a much higher level of economies must be realized to achieve the desired outcome. These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go beyond the relevant range of outcomes, revenues and expenses may, either go beyond what the market will tolerate, or may decrease to levels where activities are no longer sustainable.

Comparative data were derived from hospitals in peer groups that reported data in 1999; the applicant will be compared to the hospitals in peer group 18. Per diem rates are projected to increase by an average of 3.5 percent per year. Inflation adjustments were based on the most current Florida Hospital Input Price Index.

Projected net revenue per adjusted patient day (NRAPD) of \$742 in year one and \$776 in year two is between the control group median and highest values of \$723 and \$1,270 in year one and \$743 and \$1,304 in year two. The highest level is generally viewed as the practical upper limit on economies of operation. With net revenues falling between the median and highest level, the facility is expected to consume health care resources in proportion to the services provided. (See Comparative Table).

**CON Action Numbers: 9490 & 9491**

Projected cost per adjusted patient day of \$719 in year one and \$743 in year two is between the group median and highest values of \$691 and \$957 in year one and \$709 and \$983 in year two. This application is considered cost efficient when compared to the control group. (See Comparative Table).

The year two operating profit for the hospital of \$710 thousand computes to an operating margin per adjusted patient day of \$33 which falls between the peer group median and highest of \$23 and \$174 respectively. The operating margin indicates that net revenues are proportional to costs. The computed operating margin ratio is 4.2 percent.

This application appears to be financially feasible.

**CON Action Numbers: 9490 & 9491**

**Comparative Table**

<b>CON #9491</b>					
<b>Genesis Rehabilitation Hospital, Inc.</b>	2005	YEAR 2			
<b>1999 DATA Peer Group 18</b>	YEAR 2	ACTIVITY	INFLATION	ADJUSTED	VALUES
	ACTIVITY	PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	10,604,289	491	699	392	238
INPATIENT AMBULATORY	24,067	1	6	0	0
INPATIENT ANCILLARY SERVICES	19,948,780	924	1,215	747	409
OUTPATIENT SERVICES	4,877,614	226	488	238	36
OTHER OPERATING REVENUE	0	0	40	2	-14
TOTAL REVENUE	35,454,750	1,643	2,384	1,473	888
DEDUCTIONS FROM REVENUE	18,707,580	867	*	*	*
NET REVENUES	16,747,170	776	1,304	743	461
<b>EXPENSES</b>					
ROUTINE	3,056,996	142	279	114	61
ANCILLARY	3,609,823	167	288	172	90
AMBULATORY	447,060				
OVERHEAD	8,567,759	397	464	392	261
OTHER	354,548	16			
TOTAL EXPENSES	16,036,186	743	983	709	412
OPERATING INCOME	710,984	33	174	23	-141
		4.2%			
PATIENT DAYS	18,615		NOT INFLATION ADJUSTED		
ADJUSTED PATIENT DAYS	21,584				
TOTAL BED DAYS AVAILABLE	21,900				
ADJ. FACTOR	0.8624				
TOTAL NUMBER OF BEDS	60				
PERCENT OCCUPANCY	85.0%		102.4%	91.9%	32.9%
PAYER TYPE	PATIENT DAYS	% TOTAL			
MEDICARE	11,022	59.2%	83.6%	75.3%	43.3%
COMMERCIAL	1,585	8.5%			
MEDICAID	1,190	6.4%	16.0%	5.1%	0.9%
PRIVATE	776	4.2%			
HMO/PPO	4,042	21.7%	20.6%	10.1%	0.0%
OTHER	0	0.0%			
TOTAL	18,615	100.0%			

**CON Action Numbers: 9490 & 9491**

- 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.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** forecasts no managed care at this hospital. HealthSouth's Florida rehabilitation hospitals reported managed care levels between 0 and 12.0 percent in 1999. The estimated level for this facility, if realized, will have no positive impact on competition to promote quality assurance and cost-effectiveness.

Comparative Table			
Comprehensive Medical Rehabilitation Beds, District 6			
August 2001 Hospital Cycle			
CON #	Project Cost	Net Revenues Per Day	Total Hospital Operating Cost/Day
9490	\$13,899,683	\$622	\$532
9491	\$25,076,422	\$776	\$743

**Genesis Rehabilitation Hospital, Inc. (CON #9491):** The applicant projects managed care to represent 21.7 percent of its patient days. This is above the control group highest level of activity of 20.6 percent. The projected levels, if realized, may have a positive impact on competition to promote quality assurance and cost-effectiveness.

Comparative Table			
Comprehensive Medical Rehabilitation Beds, District 6			
August 2001 Hospital Cycle			
CON #	Project Cost	Net Revenues Per Day	Total Hospital Operating Cost/Day
9490	\$13,899,683	\$622	\$532
9491	\$25,076,422	\$776	\$743

- 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.**

**Continental Medical of Palm Beach, Inc. (CON #9490)** proposes to establish a 40-bed freestanding comprehensive medical rehabilitation hospital in Hillsborough County. There is a detailed list of services to be offered by the facility as well as a roster of staff that will be needed for the hospital.

The contracts with the design professionals are expected to be signed in December 2001 and the projected completion date of the project is May 2003. The time frame may be somewhat short, with only one year estimated for actual construction after the AHCA Plans & Construction Office approval of the Construction Documents. The schematic plan sheet provided shows a one-story building, but no site plan since the site has evidently not been selected.

The list of applicable codes on the floor plan does not take into account that the new Florida Building Code is expected to be adopted in January 2002. Other codes are listed with no edition date, which may indicate an awareness that new editions of the codes may be adopted that will govern the design of the new facility.

Of particular importance is that the project must be in compliance with the disaster preparedness section of Chapter 59A-3 of the Florida Administrative Code. The provisions regarding the site conditions and the construction requirements are crucial to the project. Since a site has evidently not been selected, it is imperative that the applicant be aware of these code issues before the beginning of the design process and ideally before the selection of the site. Again, an experienced architect should be aware of the constraints of the disaster preparedness requirements.

The patient rooms are almost exclusively semi-private with the lavatories located within the room. All toilet/bathing rooms are accessible with a 30" x 60" roll-in shower for wheelchair patients. The sleeping rooms are generously sized and appear to meet all requirements. There is a kitchen and bedroom that appear to be provided for patients to be helped to understand how to function in similar spaces depending on their handicap.

## CON Action Numbers: 9490 & 9491

The space labeled “OFF 11C0” contains a refrigerator and a hood. Possibly this space is miss-labeled or there may be a reason for this equipment to be in this space. This is not a major issue. Most ancillary spaces that support the nurse’ station and the patients are conveniently located near the center of the patient wing. There are two nourishment areas at either end of the wing. While this is not the usual situation, it will probably work quite well with the type of patient that the facility will have.

Smoke compartment walls are shown, but the fire rating of individual rooms is not. This is acceptable for a schematic plan.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** proposes building a two-story facility with the 60 patient rooms on the second floor. The building itself has a central core with four patient room wings radiating from the core. The first floor is larger than the second floor and has facilities for both inpatient and outpatient services. There are two elevators dedicated for patient use and a third elevator off the lobby for visitors and family.

The first floor has a central patient waiting room in the middle of the therapy spaces. There are also outdoor therapy areas off the physical and occupational therapy rooms for mobility training. The therapy areas are very generously sized. The floor also has classrooms, a lab, a pharmacy, facility business offices and kitchen and dining rooms. There is a powerhouse on the first floor. The layout of this floor is very well thought-out and indicates that the applicant has spent considerable time working with the design professional in developing this schematic plan. The plans were done by an architectural firm with extensive healthcare experience. This expertise is evident in the planning, with the exception of the bathroom issue below.

All the second floor patient rooms are private and meet size requirements. The written material states that the lavatories are located within the patient rooms, but the plans show them in the bathroom. Apparently the entire “bathroom” is considered a shower. It is hard to tell even from the enlarged patient room plans. This is not a major issue, but shows that the project is truly in the Schematic stage and the details have not been totally worked out. Reference is made to the “residential look/feeling” of the patient rooms and bathrooms, but this quality is difficult to see with the confusion between what is written and what is drawn.

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The ancillary spaces that support the nurse station and the patients are conveniently located near the center core of the patient floor. All required functional spaces are shown in the plans and work quite well in their relationship to the staff and the patients.

The contracts with the design professionals are expected to be signed in January 2002 and the projected completion date of the project is November 2003. The time frame of essentially two years appears reasonable for a building of this size and scope, considering that the design professionals that prepared the schematic drawings have healthcare experience. It is probable that this same firm will be engaged for the design of the building. The plan sheets provided show the building, but no site plan was provided. Apparently the site has not been selected.

The list of applicable codes in the application does not include the new Florida Building Code that is expected to be adopted in January 2002. Other codes are listed with edition dates, but this will have to be revised as newer editions are adopted. Reference is made to the Disaster Preparedness Section of Chapter 59A-3 of the Florida Administrative Code. The architectural firm that prepared the drawings is well aware of these relatively recent requirements and hopefully will assist the applicant in site selection.

Smoke compartmentation is not shown, nor is the fire rating of individual rooms. This is acceptable for a schematic plan.

- 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.**

Refer to the comparison chart provided in the discussion of Local Health Council preferences above.

**Continental Medical of Palm Beach, Inc. (CON #9490)** has no Medicaid history. The applicant is however, conditioning the approval of this application to a combined three percent of patient days to Medicaid and charity care patients combined.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** has a history of providing services to the Medicaid and charity care patients as the table below demonstrates:

## CON Action Numbers: 9490 & 9491

<b>Hospital's Historical Provision of Medicaid and Charity Care for Selected Years</b>				
	Percent of Days 1997	Percent of Days 1998	Percent of Days 1999	Percent of Days 2000
Medicare	52.2	56.7	56.9	57.5
Medicaid	5.3	7.0	6.1	5.7
Charity	2.4	1.3	1.1	.8

Source: CON Application #9491. Data provided by the applicant, (tab-12).

As noted earlier, the applicant agrees to condition award of the CON upon providing 6.6 percent of its patient days to Medicaid patients and one percent to charity care patients.

### F. SUMMARY

**Continental Medical of Palm Beach, Inc. (CON #9490)** proposes to establish a 40-bed freestanding comprehensive medical rehabilitation hospital in District 6. The applicant is a subsidiary of HealthSouth Corporation.

#### **Need/Other Special Circumstances:**

The agency published no need for CMR beds in District 6.

The comprehensive medical rehabilitation beds in District 6 experienced an occupancy rate of 76.08 percent during the period January 2000 through December 2000. The applicant does not apply under the fixed need pool, but applies under other special circumstances. Need analysis and methodologies presented by the applicant do not demonstrate need for additional beds in the district nor was an access problem shown.

#### **Quality of Care:**

The applicant has no history to demonstrate it is a quality care provider, but it relies on its parent company, HealthSouth, to demonstrate its ability to provide quality care. The applicant would implement Performance Improvement Programs (PIP) among other programs.

#### **Medicaid/Indigent Care:**

The applicant is proposing a combined minimum of three percent of its patient days to Medicaid and/or charity care patients.

**Financial Feasibility:**

The applicant is a development stage enterprise and a wholly owned subsidiary of HealthSouth Corporation, which provided a commitment letter for funding the project and a copy of HealthSouth's 10-K report, filed with the SEC for the year ended December 31, 2000. Based on HealthSouth Corporation's 10-K report, funding for this project should be available as needed.

**Architectural:**

Overall, the proposed project, as submitted, is well designed, efficient and functional for the intended use and follows other good HealthSouth design criteria. The construction cost of \$173 per square foot is reasonable for this type of project. The construction schedule of approximately 12 months is optimistic.

**Genesis Rehabilitation Hospital, Inc. (CON #9491)** proposes to establish a 60-bed freestanding comprehensive medical rehabilitation hospital.

**Need/Other Special Circumstances:**

The agency published no need for CMR beds in District 6.

The comprehensive medical rehabilitation beds in District 6 experienced an occupancy rate of 76.08 percent during the period January 2000 through December 2000. The applicant does not apply under the fixed need pool, but applies under other special circumstances. Need analysis and methodologies presented by the applicant do not demonstrate need for additional beds in the district nor was an access problem shown.

**Quality of Care:**

The applicant is accredited by the Joint Commission on Accreditation of Health Care Organizations (JCAHO) and by the Commission on the Accreditation of Rehabilitation Facilities (CARF). The applicant has maintained its accreditation with both organizations since participation began, and is accredited for the maximum available, three years. The hospital has met the high standards required of CARF accreditation for specialty programs such as Spinal Cord Injury, Brain Injury, and Pain Rehabilitation, which also are indicative of the quality of care available to Brooks Rehabilitation hospital's patients.

**Medicaid/Indigent Care:**

According to the *Certificate of Need Predicated on Conditions* page, the applicant is proposing a minimum of 6.6 percent of its patient days to Medicaid patients and one percent to charity care patients.

**CON Action Numbers: 9490 & 9491**

**Financial Feasibility:**

Based on the strength of the applicant's audited financial statements along with the other supporting documentation, funding for this project is likely while funding for the entire capital budget is not fully assured.

**Architectural:**

Overall, the proposed project, as submitted, is well thought-out and indicates that the applicant has spent considerable time working with the Design Professional in developing the schematic plan. All the second floor patient rooms are private and meet size requirements. The written material states that the lavatories are located within the patient rooms, but the plans show them in the bathroom. This is not a major issue and can be worked out. The construction cost of \$171 per square foot is reasonable for this type of project. The construction schedule of approximately two years appears reasonable.

**G. RECOMMENDATION**

Deny CON #9490 and CON #9491.

**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: \_\_\_\_\_

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Karen Rivera  
**Health Services and Facilities Consultant Supervisor**  
**Certificate of Need**

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Jeffrey N. Gregg  
**Chief, Bureau of Health Facility Regulation**