

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

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**Hospice of Southwest Florida, Inc. (CON #9503)**  
5955 Rand Boulevard  
Sarasota, Florida 34238-5189

Authorized Representative: Ms. Margo Maisto, President/CEO  
(941) 923-5822

2. Service District/Subdistrict

District 8, Hospice Service Area 8D (Sarasota County)

**B. PUBLIC HEARING**

No public hearing was held or requested regarding the project however, the applicant included letters of support from Dr. G. Duncan Finlay, President and Chief Executive Officer and Lynn Whisman, Vice President and Chief Nursing Officer of Sarasota Memorial Health Care System, and Charles F. Scott, President and CEO of Doctors Hospital of Sarasota, which indicate their support for the project. These letters indicate that many end-of-life patients remain hospitalized longer than necessary or are transferred to nursing homes to spend their final days and these are not the options of choice by patients or their families. There were an additional five letters from oncology physicians, which echo the above comments, and eight general letters of support from family members of former patients.

**C. PROJECT SUMMARY**

**Hospice of Southwest Florida, Inc. (CON #9503)** has been in operation as a licensed hospice since 1980, serving Sarasota, Manatee, Charlotte and DeSoto Counties. This proposal is to convert the six-bed residential Sarasota Hospice House to a freestanding hospice inpatient facility. Hospice of Southwest Florida, Inc. proposes to condition CON approval upon the following:

- being located at the 5955 Rand Boulevard site,
- all beds will be available to high acuity patients,
- the provision of a hospice-focused continuum of care at the facility and
- services will be available to all persons regardless of the ability to pay.

However, other than the location, the proposed conditions are basic to the provision of hospice care and are not warranted.

The project will consist of minor renovation to the 6,810 GSF facility at a projected renovation cost of \$74,000. Total project costs are \$1,147,864.

**D. REVIEW PROCEDURE**

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

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

Section 59C-1.010(2) b, Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the applicant.

As part of the fact-finding, the consultant, James B. McLemore, analyzed the application in its entirety with consultation from the Financial Analyst, John C. Williamson who evaluated the financial data, and the Architect, Joel Hill who evaluated the architectural and the schematic drawings as part of the application.

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

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

**1. Fixed Need Pool**

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

The Agency does not publish a fixed need for inpatient hospice beds. Hospice of Southwest Florida, Inc. is the only existing hospice provider in Service Area 8D. Presently, the applicant does not have a licensed inpatient hospice facility but proposes to convert **all** the six beds at its Sarasota residential hospice to inpatient hospice beds. The applicant's project is not addressed under hospice need projections. Hospice projections define need for hospice programs and not inpatient hospice bed need.

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

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

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

The applicant contends that the project will allow it to virtually eliminate the need for continuous care but does not demonstrate how it would do so. Apparently, the applicant will endeavor to get the at-home patient in need of continuous care to enter the inpatient hospice house. Lastly, the applicant contends that improvements in quality of care at the end-of-life for the hospice patient and their families will occur when a full continuum of hospice-focused care can be provided in a hospice freestanding facility.

In reference to costs, the applicant provides the following chart.

<b>Hospice of Southwest Florida's Comparison of Hospice Inpatient Care Hospice House vs. Hospital Fiscal year 2000-2001</b>		
	Hospital	Hospice house
Inpatient Revenue Per Diem	\$492.56	\$492.56
Expenses Average Per Diem	\$492.56	\$341.40
Cost Savings per patient	0	\$151.16

Source: CON #9503, page 36.

The chart above indicates that the applicant's hospice house will save \$151.16 per day in Fiscal Year 2000-2001 if the applicant's hospice house had inpatient designation. The applicant demonstrates a cost savings to its hospice program as a result of this proposal.

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

The applicant indicates it contracts with every hospital in its four county service area for the provision of inpatient hospice patient care. A listing of these facilities was provided in Section O of the application. The applicant states that the hospice will continue to contract for inpatient beds as needed.

**(3) Anticipated sources of funds for the construction.**

Schedule 3 indicates the project will be funded by cash on hand of \$188,890 as the other cost of \$958,974 is historical and has already been met. The applicant's audited financial statement shows \$5.67 million in net cash from operations for Fiscal Year 2000. Therefore, funding for the project will be available.

**(4) Need Analysis**

The applicant indicates that it has an average daily census of over 450 patients. The applicant also indicates that an average of four percent of its total hospice days are provided to inpatient hospice patients, compared to the maximum of 20 percent allowed by Medicare. Utilizing the 20 percent maximum would allow for over 32,421 inpatient days. The applicant contends however, that inpatient care in a freestanding hospice facility is better than in a hospital because the hospice is better able to manage the case in its own facility because of the difference in treatment philosophy of hospice versus hospitals, the hospice needing to provide education to hospital caregivers on an ongoing basis, the travel time required and the requirement that hospice must ensure hospitals comply with applicable federal, state and local health and safety laws. The applicant also contends that most hospice patients don't want to die in the hospital. The addition of this project will allow the applicant to address these problems.

The projected growth in the Sarasota County age 65 and over population is one of the reasons for the applicant's project. Hospice of Southwest Florida, Inc. provides AHCA population data, which indicates that Sarasota County's age 65 and over population is projected to grow from 106,087 as of July 1, 2001 to 110,032 in July 1, 2003. The applicant cites the experiences of other Florida hospices operating inpatient hospice beds at eight to 10 percent of inpatient days to total patient days compared to hospices using contracted beds three to five percent of inpatient days to total patient days. The applicant's projection will use four percent of its total patient days being provided to inpatient hospice care based on its historical experience.

The applicant indicates that it was unable to admit 18 patients from hospitals during July through September 2001 and records review during this period indicate another 20-24 patients each month who would have qualified for hospice inpatient care.

It is noted that letters from Dr. G. Duncan Finlay, President and Chief Executive Officer and Lynn Whisman, Vice President and Chief Nursing Officer of Sarasota Memorial Health Care System, and Charles F. Scott, President and CEO of Doctors Hospital of Sarasota, indicate that many end-of-life patients remain hospitalized longer than necessary or are transferred to nursing homes to spend their final days and these are not the options of choice by patients or their families. There were an additional five letters from oncology physicians, which echo the above comments.

The applicant also states that during the fiscal year ending June 30, 2001, it was unable to admit 451 Sarasota County patients (52 percent of the applicant's total of 868 which includes other hospice service areas (Manatee (6C) , Charlotte and DeSoto Counties (8A)) that were referred to it and 20 to 30 percent of these required hospice inpatient care but could only receive this care in a hospital. The applicant also states that 56 percent of the patients admitted to its program were admitted during the last two weeks of life. These factors contribute to the suppressed demand for hospice services in a freestanding inpatient facility, according to the applicant. Hospice of Southwest Florida presents the following table showing its projected inpatient hospice utilization.

<b>Sarasota Hospice House Projected Average Daily Census Fiscal Years Ending June 30, 2001, 2003 &amp; 2004</b>					
<b>FY</b>	<b>Total Hospice Program Admits</b>	<b>Total Patient Days</b>	<b>Total Inpatient Days</b>	<b>Average Daily Census of Inpatients</b>	<b>Average Daily Census of Inpatients in Sarasota</b>
2001	4,086	162,107	6,564	18	9
2003	4,251	168,656	6,746	18	10
2004	4,323	172,029	6,881	19	10

**Source:** CON #9503, Page 22 from Hospice of Southwest Florida State Annual Report - Department of Elder Affairs, internal data and AHCA Florida Hospice Need Projections for the January 2003 Planning Horizon.

**Note:** The applicant states that it keeps the percent of inpatient to total patient days at four percent and the ADC for Sarasota at 52 percent of its total inpatients based on its experience.

It is noted that the applicant's hospice admissions for the 12 months ending June 30, totaled 4,334 and 2,187 of these were in Sarasota County according to AHCA Florida Hospice Need Projections for the January 2003 Planning Horizon. The applicant contends that its projections are conservative. As noted above, there is a discrepancy in the applicant's data, which supports its claim that these estimates are conservative. The applicant appears to have more than sufficient current utilization to justify need for

the project. Hospice of Southwest Florida demonstrated a cost savings for its hospice as a result of this project. Patients will still have the option to be treated in the existing contractual inpatient facilities and inpatient hospice facilities historically have had significantly higher inpatient days than contractual facilities. In summary, the project enhances the hospice's care, promotes the service, may improve access, provide a savings on expense for inpatient care and provides options for hospice patients.

**2. Local Health Plan Preferences**

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

District 8's CON Allocation Factors Report, approved October 2000, contains the following five preferences relevant to certificate of need review for Hospice services. These preferences are addressed as follows.

- a. Preference shall be given to applications that indicate a willingness to serve patients with HIV/AIDS and the homeless, as well as other traditionally underserved populations.**

The applicant indicates that it serves patients with HIV/AIDS as well as patients with any diagnosis, as long as hospice admission criteria are met. If a person is homeless, the applicant indicates that its freestanding facilities (the applicant has two in the Sarasota area) serve as their home.

- b. Preference shall be given to applications that propose either new or use of unused inpatient facilities that best provide for the care of patients and family members.**

The applicant indicates that it is proposing to convert residential beds to inpatient beds at very little cost.

- c. **Preference shall be given to applications that demonstrate a commitment to provide services that do not impose barriers to care, such as requiring a caregiver or providing intensive palliative care.**

The applicant indicates that one of the purposes of its freestanding hospice facilities is to provide access to services for persons without caregivers and its mission is to provide palliative care too patients with life-limiting illnesses.

- d. **Preference shall be given to applications that exceed an 80 percent occupancy level during the period of January through March on an annual basis, and in the event of multiple locations under one license, any individual location applies.**

The applicant indicates that based on its historical data, the Sarasota House will have over 80 percent occupancy at all times of the year.

- e. **Preference shall be given to applications that meet the minimum volume requirement as specified in the rule within the applicant's care service area.**

The applicant indicates that this preference is not applicable.

### 3. Agency Rule Criteria

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

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

The applicant provided no documentation of any populations with unmet needs in the service area.

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

The applicant does not address whether or not it will continue to utilize existing health care facilities for inpatient hospice care in its response. However, in the need section, the applicant indicates that it would continue to utilize existing facilities. However, the applicant demonstrated that the proposed hospice house would be a more cost-efficient alternative.

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

The applicant indicates that it provides services to any patient regardless of whether or not the patient has primary caregivers at home or is homeless. The applicant indicates that it provides services to AIDS patients and regularly networks with local AIDS services providers.

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

The applicant's proposal is specific to Sarasota County, which is the only county in District 8, Service Area 8D.

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

The applicant indicates that many of its services are not covered by private insurance Medicaid or Medicare and refers the reviewer to its response to 4i. on page 144, which indicates these include paid caregivers, music, art, massage therapies, grief and bereavement services.

**4. Statutory Review Criteria**

- a. Does the project increase availability and access and improve the quality of care, efficiency, appropriateness and adequacy of the service to be provided in the service area? ss. 408.035(1)(b), Florida Statutes.**

In reference to availability, the applicant discusses its decision to locate the inpatient hospice facility in Sarasota, which it indicates is based on Sarasota being the area where most of its hospice admissions originate. The applicant's project should increase the availability of inpatient hospice services in the area.

The applicant indicates that it was unable to admit 18 patients from hospitals during July through September 2001 and records review during this period indicate another 20-24 patients each month who would have qualified for hospice inpatient care. As previously noted, letters from Dr. G. Duncan Finlay, President and Chief Executive Officer and Lynn Whisman, Vice President and Chief Nursing Officer of Sarasota Memorial Health Care System, and Charles F. Scott, President and CEO of Doctors Hospital of Sarasota, indicate that many end-of-life patients remain hospitalized longer than necessary or are transferred to nursing homes to spend their final days and these are not the options of choice by patients or their families. There were an additional five letters from oncology physicians, which echo the above comments. The applicant's project should increase access to inpatient hospice services.

The applicant also discusses its quality of care (see also Item 4.b.).

The applicant indicates that its efficiency will be improved in terms of use of staffing and travel resources. The applicant demonstrated that a cost savings would occur with the addition of an inpatient hospice house.

The applicant's project should increase the efficiency of, appropriateness and adequacy of inpatient hospice services in Sarasota County. As previously stated, the introduction of the new inpatient hospice has the support of the two major hospitals and the applicant contends its need analysis supports the addition of six inpatient hospice beds in the service area.

Hospice of Southwest Florida is the only hospice in operation in Service Area 8D (Sarasota County). The following chart shows the applicant's utilization during the 12 months ending June 30, 2001.

<b>SERVICE AREA 8D                      HOSPICE ADMISSIONS                      JULY 2000 - JUNE 2001</b>	
Hospice of Southwest Florida	2,072
State Total	65,923

Source: AHCA Hospice Programs Background Information for the January 2003 Hospice Planning Horizon.

There were 65,923 hospice admissions provided by the 49 hospices in Florida reporting during 12-month reporting period ending June 30, 2001. This is an average of 1,345 admissions per hospice. The applicant had 2,072 admissions. The Agency need methodology indicates the need for zero additional hospices in the service area. However, this project is the conversion of six residential hospice beds to six inpatient hospice beds.

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

The applicant indicates that it follows the guidelines of the National Hospice and Palliative Care Organization for effective use of nursing services. The applicant has had no licensure violations and is enrolled in both the Medicare and Medicaid programs. Hospice of Southwest Florida provided a detailed description of its ability to provide quality care. A copy of the applicant's comprehensive quality improvement and utilization review plan was provided in Section Q of the application.

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

The applicant indicates that it is not reasonable or economically feasible to access another hospice's freestanding facility and operationally, is seldom ever done.

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

The applicant's proposal does not involve research, physician education or health professional training programs. The proposed program should have no effect on the clinical needs of health professional training programs in the service area. However, the applicant presents a discussion of its in-service education.

- 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.**

**Health Manpower:**

Schedule 6 indicates that 9.39 FTEs by the end of year two (March 30, 2006) will be dedicated to this project. However, the applicant states that these FTEs are already at the facility and no additional staff will be necessary as a result of this project. The applicant provides a discussion of its employee benefits, key personnel with brief bibliographies, and recruitment and retention efforts.

The applicant's audited financial statements for the periods ending June 30, 2000 and June 30, 1999 were analyzed for the purpose of evaluating the applicant's ability to provide the capital and operational funding necessary to implement the project. The following is a list of accounts and ratios used in the analysis:

	06/30/2000	06/30/1999
Current Assets	\$ 28,458,652	\$ 22,645,114
Cash and Current Investment	\$ 1,804,469	\$ 1,771,373
Assets Restricted for Capital Projects	\$ 0	\$ 0
Total Assets	\$ 38,695,619	\$ 33,052,884
Current Liabilities	\$ 940,652	\$ 1,037,640
Total Liabilities	\$ 940,652	\$ 1,037,640
Total Equity	\$ 37,754,967	\$ 32,015,244
Net Operating Revenues	\$ 19,631,681	\$ 19,043,864
Interest Expense	\$ 0	\$ 0
Net Profit - Operations	\$ 5,387,589	\$ 3,917,224
Net Income	\$ 5,387,589	\$ 3,917,224
Cash Flow from Operations	\$ 5,664,307	\$ 12,351,037
Working Capital	\$ 27,518,000	\$ 21,607,474
Current Ratio (CA/CL)	30.3	21.8
Cash Flow to Current Liabilities (CFO/CL)	6.0	11.9
Long-Term Debt to Equity (TL-CL/TE)	0.0	0.0
Times Interest Earned (NPO+Int/Int)		
Equity to Total Assets (TE/TA)	97.6%	96.9%
Operating Margin (NPO/NOR)	27.4%	20.6%
Total Margin (NI/NOR)	27.4%	20.6%
Return on Assets (NI/TA)	13.9%	11.9%
Operating Cash Flow to Assets (CFO/TA)	14.6%	37.4%

**Short-term position:**

The applicant's current ratio of 30.3 is a strong position. The working capital (current assets less current liabilities) of \$27.5 million is a measure of excess liquidity that could be used to fund capital projects. The ratio of cash flow to current liabilities of 6.0 is also strong. Overall, the applicant has a very strong short-term position.

**Long-term position:**

The ratio of long-term debt to equity of 0.0 is the result of the applicant having no long-term debt. The ratio of cash flow to assets of 14.6 percent is strong. The most recent year had a net profit of \$5.4 million, which resulted in a margin ratio of 27.4 percent, a strong position. Total equity is \$37.8 million with the ratio of equity to assets 97.6 percent is strong. Overall, the applicant has a very strong long-term position.

**Capital Requirements:**

Schedule 2 listed capital projects in the amount of \$3.5 million.

**Available capital:**

The audited financial statements indicated the applicant had cash on hand of \$1.8 million and investments of \$25.2 million. The applicant states that funding will be provided from cash in hand.

**Conclusion:**

Based on the audited financial statements of the applicant, funding for this project and all other capital projects should be available as needed.

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

Schedule 7 of the application indicates that general inpatient care, respite care, and residential care are the services to be provided. The payer types identified in the application are: Medicare at 77.0 percent, Medicaid at 8.7 percent, self-payers at 5.0 percent, and commercial insurance at 9.4 percent.

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The Department of Health and Human Services sets rates for routine home care, continuous home care, inpatient respite care, and general inpatient care. The 2002 Federal rates were calculated for the Sarasota-Bradenton wage index for Medicare payments of 1.0444 and inflated to 2004. The price adjustment factor used was 3.26 percent per year, which represents the year-over-year increase in the Medicare reimbursement rates from FY 2001 to FY 2002. The applicant used the same rate in estimating revenues. The results of the calculations are summarized in the table below.

Hospice Revenue Table					
Wage Index for Florida/Sarasota-Bradenton (1.0444)					
	Wage Component	Wage Index	Adjusted Wage Amount	Unadjusted Component	Payment Rate
Routine Home Care	75.87	1.0444	79.24	34.55	113.79
Inpatient Respite	61.83	1.0444	64.58	52.39	116.97
General Inpatient	314.41	1.0444	328.37	176.78	505.15

Payment Rate	Inflation Factor Year Two	Inflation Adjusted Amount	Patient Days Year 2, 2004		Extended
113.79	1.07	121.33	540	\$	65,517
116.97	1.07	124.72	18	\$	2,245
505.15	1.07	538.62	1,464	\$	788,543
		Total	2,022	\$	856,306
		From Schedule 7		\$	\$849,337
		Difference		\$	(6,969)
		Percentage difference			-0.82%

The table above does not consider deductions from revenue. The -0.82 percent deviation between the applicant's estimates and the calculated reimbursement above appears to be reasonable.

The projected operating profit in year two from Schedule 8 is \$63,394. Based on the projections, financial feasibility is probable.

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

The projected Medicare and Medicaid days as a percent of total days in year two is 85.7 percent. With the large majority of patient care is being provided from fixed price government payer sources, this project is not likely to have any discernable positive impact on competition to promote quality assurance or cost-effectiveness.

<b>Table for Inpatient Hospice Beds August 2001 Hospital Cycle</b>			
CON #	Project Cost	Net Revenues Per Day	Operating Cost/Day
9503	\$1,147,864	\$406	\$374

**h. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? ss. 408.035(10), Florida Statutes; Ch. 59A-3 or 59A-4, Florida Administrative Code**

The applicant proposes to convert six residential hospice beds to six inpatient hospice beds at the Sarasota Hospice House. The project costs above include \$850,364 in converted costs per Schedule 1 of the application.

The plans have several significant architectural problems that must be addressed. Pocket doors are not acceptable in the toilet/bath areas in this type of institutional occupancy and also, these spaces do not meet the accessibility code requirements. All the patient rooms have private bathrooms, but 50 percent of patient rooms in this type of facility must be accessible. Additionally, the toilet stall does not appear wide enough for accessibility. All showers are sized to accommodate a wheelchair, but the required clear area in front of the shower is insufficient. These problems may be difficult to remedy since the building is existing.

The application includes a site plan, a floor plan of the existing building and a larger scale plan of a typical patient room. The building has a total of six private patient rooms that are located on two sides of the common areas, affording equal access to the common areas for each patient. Schedule 9 indicates that the construction consists of kitchen renovations and the installation of a generator.

A list of building codes was included in the plans, and any construction will have to be in conformance with applicable codes and rules when it takes place. The new Florida Building Code will probably be in force before the project is finalized.

Evidently the contracts with the design professionals were signed prior to submission of this application. The projected date for securing building permits is February 2001. The completion date of the project is estimated in May 2002. The applicant's proposed completion date may be longer than projected because of the accessibility code requirements, which must be met.

The applicant's type of construction and compliance with codes section indicates that the building is fully fire sprinklered. The applicant indicates that a new generator will be purchased and installed.

It is evident that the applicant has worked out the use of existing spaces that is suitable for the needs of the patients. The resulting floor plan is logically laid out and has the ancillary spaces that are needed for a hospice facility.

Project costs appear to be more than anticipated by the applicant due to the need to resolve the architectural problems cited in paragraph two above. The schematic plans submitted have been done by an architectural firm.

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

The applicant indicates that Medicaid accounted for 4.07 percent of its payer mix for the Fiscal Year ending June 30, 2001. Charity care amounted to \$733,000 during the same period and \$1,627,2345 during FY 2000. The applicant indicates that it has a long history of providing services to the Medicaid and charity care patients. Schedule 7 shows the applicant projects charity care will account for \$27,694 in year one ending June 30, 2003 and \$28,596 in year two. Medicaid is projected to 8.72 percent of year one and 8.68 percent of year two's patient days.

**F. SUMMARY**

Hospice of Southwest Florida, Inc. has been in operation as a licensed hospice since 1980, serving Sarasota, Manatee, Charlotte and DeSoto Counties. The applicant proposes to a convert six residential beds at its Sarasota hospice house to six inpatient hospice beds.

The applicant proposes to condition to the hospice house being located at the 5955 Rand Boulevard site and conditions that are basic to the provision of hospice care and are not warranted. The project will consist of minor renovation to the 6,810 GSF facility at a projected renovation cost of \$74,000. Total project costs are \$1,147,864.

*After weighing and balancing all applicable review criteria, the following relevant factors are listed with regard to Hospice of Southwest Florida, Inc.'s inpatient hospice project in District 8, Service Area 8D:*

**Need:**

- The Agency does not publish a fixed need pool for hospice inpatient beds. The applicant's proposal is for the establishment of a six-bed freestanding inpatient facility.
- The applicant presented various data in support of its application. The applicant demonstrated that the project is a cost-efficient alternative to the use of inpatient hospital beds. The projected inpatient utilization is below HCFA's allowance.
- The applicant included letters of support for the project from hospitals, physicians, and community members in Sarasota County.

**Quality of Care:**

- The applicant has a history of, and demonstrates the ability of providing quality of care.

**Costs/Financial Feasibility:**

- Total project costs are stated to be \$1,147,864. However, \$850,364 of this is converted cost. Funding is to be coming from cash on hand and should be available as needed.
- The applicant projects a net operating profit of \$63,394 in year two of the project. Based on the applicant's projections, financial feasibility is probable.

**Medicaid/Charity Care:**

- The applicant has a history of providing care to Medicaid and indigent patients.
- The applicant indicates it will provide services to all persons regardless of ability to pay. Since hospice providers have to serve all patients requesting hospice services, CON conditions are not warranted.
- Schedule 7A indicates that 8.68 percent of the six inpatient hospice bed's total patient days will be provided to Medicaid patients in year two and charity care will amount to \$28,596.

**Architectural Analysis:**

- The applicant indicates that only minor kitchen renovations, which include new sinks and associated plumbing, a fire hood over the cooking range, installing a commercial dishwasher and associated electrical work and the addition of a generator are required. However, the facility also has architectural problems with accessibility code requirements, which must be resolved.
- Compliance with the accessibility code requirements may increase the applicant's costs and require a longer completion time than anticipated.

**G. RECOMMENDATION**

Approve CON #9503 to convert six residential hospice beds to six inpatient hospice beds at Sarasota Hospice House located at 5955 Rand Boulevard in Sarasota. The project consists of minor 6,810 GSF of renovation and renovation cost of \$74,000. Total project costs are \$1,147,864.

**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**