

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

South Broward Hospital District/CON #9520
3501 Johnson Street
Hollywood, Florida 33021

Authorized Representative: Jon D. Bandes
(954) 985-3452

2. Service District/Subdistrict

District 10/Broward County

B. PUBLIC HEARING

A public hearing was not held or requested with regard to the proposed project. However, the applicant submitted several letters of support in Attachment F from local community leaders. These letters are similar in content and address the rapid growth in the proposed hospital's primary service area, current problems in accessing health care in the area and South Broward Hospital District's ability to provide care to indigent populations in the area. However, these letters did not provide the number of patients who were forced to seek acute care outside of the county/district.

The applicant includes in Attachment E, three resolutions of support from local government entities: the Broward County Legislative Delegation, the Board of County Commissioners of Broward County and the City Commission of the City of Pembroke Pines. These resolutions cite the area's population growth, high utilization at Memorial Hospital West and South Broward Hospital District's commitment to the residents of Broward County to provide quality health care.

Attachment F includes three additional letters of support from area officials and community leaders. One of these is from the Director of the Broward County Department of Safety and Emergency Services, which indicates that Memorial Hospital West was on diversion 123 times or 952.6 hours during CY 2000 and 89 times in the first six months of CY 2001 for a total of 1,448 hours. The applicant's Attachment C shows the ER diversions per hour by month and 1,448 hours are through the first seven months of CY 2001. Additional letters in Attachment F cite the Southwest Broward County area's high population growth and Memorial Healthcare System's service to a diverse Broward County population. Attachment F also includes 14 general letters of support from area physicians.

C. PROJECT SUMMARY

South Broward Hospital District (CON #9520) is proposing to establish a new 100-bed acute care hospital on a 5.87 acre parcel of land located at the intersection of Southwest 172nd Avenue and Pembroke Road in the City of Miramar, Southwest Broward County, Florida. If approved, the applicant states that it expects to open the new hospital on January 1, 2006. The hospital's bed complement will consist of 80 adult medical/surgical beds, eight pediatric beds and 12 obstetric beds.

South Broward Hospital District is a special taxing district that was created by the Florida Legislature in 1947 with a mandate to provide care to all residents regardless of the patient's primary payor source. The applicant presently operates three acute care hospitals, a nursing home and numerous primary care centers and outpatient facilities in Broward County. Additionally, the applicant has received two CONs for its Memorial Hospital West facility located in the City of Pembroke Pines, Florida. These CONs are #9185 to add 10 neonatal intensive care Level II beds and #9263 to add 36 acute care beds. South Broward Hospital District also received CON approval to establish this 100-bed facility in Miramar under CON #9459. CON #9459 is currently in administrative hearing and the applicant indicates that should it ultimately be approved, it will not pursue implementation of this CON (#9520).

South Broward Hospital District is requesting that the project be conditioned for the provision of 5.4 percent of the facility's total annual patient days to Medicaid and 3.8 percent of the hospital's gross revenues for charity care. The applicant's proposed Medicaid condition would exceed the actual FY 1999 performance of seven of the subdistrict's 16 hospitals, and the proposed charity care condition would exceed the actual FY 1999 performance of the subdistrict's¹ 16 hospitals.

The proposed project consists of 203,152 ground square feet of construction and construction costs of \$45,102,700. The project involves a total cost of \$78,109,700.

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by assessing the responses provided in the application, and independent information gathered by the reviewer.

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

Section 59C-1.010(2) (b), Florida Administrative Code, allows no application amendment information subsequent to the application being deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the Applicant.

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

¹ Per AHCA Actual Budget Data for FY 1999. Note FY 1999 is the most current available data.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed projects with the criteria and application content requirements found in Florida Statutes, sections 408.035, and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, Florida Administrative Code; and Local Health Plans.

1. Fixed Need Pool

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

On July 27, 2001, the Agency for Health Care Administration (AHCA) published a fixed need pool (FNP) in Volume 27, Number 30, Florida Administrative Weekly (F.A.W.) for zero additional acute care beds in District 10 for the July 2001 batching cycle. The applicant is applying for acute care beds in the absence of published need.

District 10, Broward County, had a total of 4,762 licensed acute care beds, which experienced an occupancy rate of 48.42 percent during calendar year 2000. Northwest Medical Center added 25 beds via CON #9025 on November 21, 2000. South Broward Hospital District d/b/a Memorial Hospital West has approval to add 36 acute care beds to its facility under CON #9263. The applicant also has approval to construct a new 100-bed facility via CON #9459. This CON is a duplicate of the previously approved CON #9459, which is in administrative hearing and the applicant indicates it will not pursue this project should CON #9459 ultimately be approved. Broward General Medical Center has approval to delicense 43 acute care beds secondary to its addition of 15 adult psychiatric beds via CON #9107. Therefore, including the applicant's previous CON approval to establish a 100-bed facility, there are 93 acute care beds approved but not implemented in Broward County.

The proposed project is submitted in response to what the applicant contends is a need for an additional 100 acute care beds in southwest Broward County based upon rapid population growth, a geographic maldistribution of beds between areas of Broward County, lack of accessibility and availability of other facilities due to unique circumstances and other not normal circumstances. The proposed hospital will not be a tertiary service center, but will provide all of the services typically provided in a community hospital. These include obstetrics, pediatrics, and emergency services in a 24-hour emergency department. The services proposed will not be unique in the district and are presently available in the community. However, the applicant presents an analysis of the issues that it considers important in support of the proposed project.

Issue one is the rapid population growth of the 10 zip codes comprising the new hospital's proposed primary service area (PSA). These zip codes are 33024, 33025, 33026, 33027, 33028, 33029, 33328, 33330, 33331 and 33332. While the applicant indicates the population in the area contained in these zip codes will increase by 16.7 percent from 289,316 in CY 2001 to 337,739 in CY 2006. Using a five-year population projection is reasonable when determining need for additional acute care services in an area because of probable advances in medical treatment and procedures that cannot be anticipated that far into the future. The applicant indicates that Miramar is the second fastest growing municipality in Florida and Miramar's employment base has grown by almost 50 percent in three years. During this time, 6,500 jobs have been created in Miramar, which represents 25 percent of the jobs created in Broward County. Building permits increased from 13,955 in FY 97-98 to 24,465 in FY 99-00, or 75 percent in two years. More than 11,500 residential units are planned or under construction in close proximity to Miramar.

Issue two regards what the applicant contends is the geographic maldistribution of acute care beds. The applicant points out that the Legislature has long recognized that Broward County has two distinct medical markets with the division of the county into two separate hospital taxing districts, North and South. Further, this division has been recognized in administrative hearings regarding Level II NICU and comprehensive medical rehabilitation beds. There are currently about 25 percent fewer licensed acute care beds per 1,000 population in south Broward County (2.37) than in north Broward County (3.17)

as of CY 2001. This 'mal-distribution' is more striking when comparing the number of beds per thousand in southwest Broward, (2.13). This includes the addition of Cleveland Clinic in July 2001 to the two existing hospitals, Memorial Hospital West and Memorial Hospital Pembroke that also serve this area.

Issue three regards South Broward Hospital District's high occupancy at Memorial Hospital West and Memorial Regional Hospital, which the applicant states is hindering access to acute care in the area. The applicant also points out that Memorial Hospital West was on diversion 123 times for a total of 952.6 hours during CY 2000 and 89 times for a total of 1,448 hours during the first seven months of 2001. As noted earlier, that hospital has been approved to add 36 beds. Memorial Hospital West has two projects that will increase the facility's capacity from 184 beds to 216 acute care beds by the summer or fall of 2002. However, the applicant indicates that its projections show this facility will be at 88.7 percent capacity without the Miramar project in CY 2006 and this facility will not have the capacity to accommodate the population-based demand for care originating within southwest Broward County in the latter half of the decade. Memorial Regional Hospital's acute care occupancy rates are projected to climb from 83.6 percent in 2006 to 85 percent in 2007. These projections are based on there being no new 100-bed facility in Miramar. It is noted that Memorial Regional Hospital's 489 acute care beds averaged 81.52 percent occupancy during the calendar year 2000 reporting period. However, the applicant also contends projected occupancy and seasonal demand supports the need to maintain Memorial Regional Hospital's bed complement. During the 1st quarter of 2000, occupancy was 97.87 percent according to data collected by the Local Health Council. The applicant also provided an analysis of its specialty beds, which it contends demonstrates that none of these are available to transfer to a new facility.

However, there are 71 adult psychiatric beds at Memorial Regional Hospital. These beds only averaged 52.78 percent occupancy during CY 2000 and 52.4 percent during the 1st half of 2001. However, the applicant indicates these beds will need to be converted to child/adolescent psychiatric use in order to relieve this unit's peak season bed constraints. The child/adolescent psychiatric unit operated at 80.7 percent during CY 2000, but had three months where the occupancy rate exceeded 90 percent. On average, this unit had less than two beds available on any given day during CY 2000. However, this is only a 10-bed unit and the highest occupancy during any quarter was 84.62 during the second quarter of 2000.

Memorial Hospital-Pembroke, a 301 acute care bed facility currently operated by the applicant, had an occupancy rate during calendar year 2000 of 26.19 percent. To explain why an additional 100 acute care beds are needed in an area where an existing hospital is so poorly utilized, the applicant points out that Memorial Hospital Pembroke cannot reasonably operate more than 149 of its 301 licensed acute care beds. Attachment I contained a "Memorial Health System Facility Expandability and Master Plan Review Report" by Gresham, Smith and Partners, a national healthcare design firm, which confirms this contention and indicates that at least \$35 million is needed for code upgrades and desired improvements. However, even with this expenditure, there remains a lack of proper dietary facilities, lab services, emergency services, surgery capacity and radiology services, which need to be addressed in order to increase functional capacity beyond 149 beds. However, using patient day data published by the Agency in the *Florida Hospital Bed and Service Utilization by District, Volume II*, occupancy at Memorial Hospital Pembroke in 149 beds would have only been 52.19 percent² for the CY 2000 reporting. This is not evidence that additional beds are needed.

Issue four regards the applicant's contention that there are no viable alternatives to its project. This rolls up several issues, which are discussed in this section. In addition to the applicant's position that there are no available beds to be transferred from Memorial Hospital West and Memorial Hospital, this also includes the applicant's contention that Cleveland Clinic Hospital has a 'unique' mission, which prevents full access to its new facility by the local population. Cleveland Clinic Hospital in its application for CON #9105, notes that it is a regional provider of specialized care to a service area that encompasses numerous counties in Florida and attracts patients from outside Florida and even the U.S. The applicant contends that Cleveland Clinic Hospital's approval for open heart surgery and kidney transplantation programs will only increase the facility's regional appeal. It is noted that AHCA Discharge Data indicates that historically about 30 percent of Cleveland Clinic Hospital (Broward) patients are from areas outside of District 10.

² Memorial Hospital – Pembroke reported 28,856 patient days for the CY 2000 reporting period.

The applicant further notes that Memorial Hospital Pembroke is presently licensed to the applicant via a lease agreement with HCA - The Health Care Company and this lease prohibits it from transferring any of the facility's beds to another Memorial facility. The lease is to expire June 30, 2005 and the applicant indicates that it assumes that HCA will not make the significant capital investment required for this facility to exceed 149 useable beds. This does not explain why the Pembroke facility's occupancy in the 149 beds the applicant indicates are usable is only 52.19 percent when, according to the applicant, access to acute care in the southwestern portion of Broward County is a problem. Further, the applicant states that the establishment of this 100-bed facility is expected to impact the Pembroke facility with a loss of 14.75 percent (821/5,565) of the admissions from the extended service area. CY 1999 AHCA data indicates Pembroke accounted for 2,906 of the 27,818 hospital admissions from the 10 zip code area PSA, or 10.44 percent. The 2,906 discharges from these zip codes accounted for 52.75 percent of the Pembroke facility's total patient days during CY 1999 (2,906/5,509). Only five of these zip codes are in Memorial Hospital Pembroke's primary service area.

The applicant cites the high occupancy at Westside Regional Medical Center, 83.3 percent during the first six months of CY 2001 per Local Health Council Utilization data, which has now been received at AHCA. However, this utilization data shows that Westside's 204 acute care beds averaged 75.26 percent during the 12 months ending June 2001. The applicant also notes that Hollywood Medical Center closed its obstetric services, which reduces access to this service in the service area. This is taken into account in the applicant's need projections below.

Issue five is the need to assure the financial viability of the applicant as the district's safety net provider. The applicant notes that it presently serves approximately 108,000 residents of south Broward County who do not have health insurance. The applicant contends that this project with its projected excess of revenues over expenses will improve the applicant's overall financial position, which will better enable it to serve the medically needy. However, the applicant contends that allowing a competitor to fill the need could have very harmful effects on the long term financial viability of South Broward Hospital District, potentially compromising access to care for the indigent and the medically needy.

The applicant's bed need calculations anticipate population growth and aging in the primary service area of Memorial Hospital Miramar between 2001 and 2006. The applicant contends that need for an additional 100 beds in southwest Broward County is based on the high occupancy rate at Memorial Hospital West, the realization that many of the licensed beds at Cleveland Clinic Hospital and Memorial Hospital Pembroke are not available to southwest Broward residents and the significant population growth projected for the area proposed to be served by Memorial Hospital Miramar.

The applicant states that it used Claritas, Inc. demographic data which has been adjusted for the Census 2000 figures for population projections and data from the "FL AHCA inpatient database" for the period January through December 1999 as the bases for the 2001 through 2006 projections provided in the charts below.

Projections of bed need assume no change in discharge rates except for a slight increase in adult medical surgical discharge rate due to the population aging and no change in average length of stay.

According to the applicant, a significant facet of its projection of need involves an analysis of the service area population. The applicant projects growth for the proposed service area over the next five years, with an additional 42,691 residents estimated to populate the proposed service area by 2006. The applicant does not indicate the number of elderly persons in the total southwest Broward County population; however, the applicant indicates that the elderly population in south Broward County represented 19.3 percent of the total and is expected to remain constant through 2005. However, the applicant's need projection indicates discharge rates in southwest Broward County are assumed to remain at current levels, except for the effect of population aging on the adult medical/surgical discharge rate. The applicant includes the following chart, which provides the percentage of 2001 discharges per 1,000 population in Southwest Broward County.

**2001 Discharges per 1,000 Population
Southwest Broward County**

Age Cohort	Adult Medical/Surgical
15-44	30.7
45-64	67.0
65-74	144.9
75+	299.5
All 15+	76.5
0-14 (Pediatrics)	26.2
15-44 (Females) (OB/GYN)	70.8

Source: CON #9520 from AHCA Inpatient Database & Claritas, Inc. 2001.

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It is noted that pursuant to a Final Order and Settlement Agreement with the Agency, Cleveland Clinic agreed not to provide inpatient pediatric services in its 150-bed relocated facility for 96 months (eight years) after opening and to not provide obstetric services until January 1, 2005. In addition, the applicant projects the proposed service area to grow by 18.4 percent by 2006, which is higher than the growth expected per AHCA Population Estimates for Broward County (7.91 percent) and the state (8.04 percent) over the same period.

Adult Medical Surgical Bed Need Calculations, 2001 & 2006 Southwest Broward County (excludes cardiac surgery)			
	2001	2006	% Change 2001-2006
Resident population, Age 15+	231,743	274,434	18.4
Discharges per 1,000 Population	76.5	78.7	2.9
Discharges, All Hospitals	17,728	21,599	21.8
Average Length Of Stay	4.96	4.96	0.0
Patient Days	87,931	107,131	21.8
Average Daily Census	240.9	293.5	
Occupancy Rate	75%	75%	
Bed Need	321	391	70

Source: CON #9520 from AHCA Inpatient Database & Claritas, Inc. 2001.

Pediatric (Age 0-14) Bed Need Calculations, 2001 & 2006 Southwest Broward County (excludes cardiac surgery)			
	2001	2006	% Change 2001-2006
Resident population, Age 0-14	57,573	63,305	10.0
Discharges per 1,000 Population	26.2	26.2	0.0
Discharges, All Hospitals	1,508	1,658	10.0
Average Length Of Stay	3.91	3.91	0.0
Patient Days	5,891	6,477	13.9
Average Daily Census	16.1	17.7	
Occupancy Rate	75%	75%	
Bed Need	22	24	2

Source: CON #9520 from AHCA Inpatient Database & Claritas, Inc. 2001.

Obstetric Bed Need Calculations, 2001 & 2006 Southwest Broward County			
	2001	2006	% Change 2001-2006
Resident Female population, Age 15-44	59,457	64,756	8.9
Discharges per 1,000 Population	70.8	70.8	0.0
Discharges, All Hospitals	4,210	4,585	8.9
Average Length Of Stay	2.65	2.65	0.0
Patient Days	11,157	12,151	8.9
Average Daily Census	30.6	33.3	
Occupancy Rate	75%	75%	
Bed Need	41	44	3

Source: CON #9520 from AHCA Inpatient Database & Claritas, Inc. 2001.

There are three existing hospitals located in the area of Broward County being proposed as a service area in this application: Memorial Hospital West, Memorial Hospital Pembroke and Cleveland Clinic. Memorial Hospital West has 164 acute beds and is approved to add 36, Cleveland Clinic has 150 acute beds and Memorial Hospital Pembroke, according to the applicant, has 149 usable beds for a total of 499 acute care beds.

As the charts above indicate, the applicant's bed need calculations show a need for 391 adult general medical surgical beds, 24 pediatric beds and 44 obstetric beds in southwest Broward County in 2006, for a total of 459 acute care beds. The applicant indicates that there are presently 24 obstetric beds available to serve residents of the area and these beds are highly utilized. However, its projections indicate there is a need for 20 additional beds by 2006. The applicant also indicates that while there are presently 12 pediatric beds in Memorial Healthcare system, its projections indicate 12 more are needed to serve southwest Broward residents. The applicant's projections concerning the need for the pediatric and obstetric beds appear reasonable based on utilization and projected population increases.

In reference to the available adult general medical surgical beds, the applicant indicates that only 186 of the acute care beds at Memorial Hospital West will be designated as adult medical/surgical beds and only 65 percent or 121 of these will be available for southwest Broward County residents. AHCA Discharge Data for CY 1999, indicates that 50.1 percent of Memorial Hospital Wests' discharges were residents of the Miramar facility's proposed PSA. The applicant indicates that Memorial Hospital West operates 24 of its acute care beds as obstetric beds

and indicates these beds were utilized at 130.9 percent occupancy during CY 2000. Memorial Hospital West experienced an occupancy rate of 88.9 percent during CY 2000 in its licensed 164 acute care beds and indicates that its projections show the 216 acute care beds it will have operational in CY 2006 will average 89 percent occupancy. The applicant projects the facility will average 87.6 percent with Memorial Hospital Miramar hospital in operation.

As previously stated, the applicant believes that Cleveland Clinic will not have 150 beds available to southwest Broward County residents. This belief is based on statements made in Cleveland Clinic's CON #9105. In that application, Cleveland Clinic states that 30 percent of its inpatient discharges are from out of the district and nine percent are out-of-state. AHCA discharge data for CY 1999 indicates that residents of District 10 accounted for only 68.97 percent of the existing Cleveland Clinic Hospital's total discharges, while nine percent were from out-of-state. The applicant estimates that only about 39 of its beds will be dedicated to southwest Broward County residents. The applicant determined that of the approximately 61 percent of Cleveland Clinic's southwest Broward County resident discharges, only 26 percent are expected to reside in the six zip codes projected to be served by this proposal. This equates to approximately 39 beds.

As previously discussed the applicant documented that while Memorial Hospital Pembroke has 301 licensed acute care beds, 149 of these beds are operational. The applicant contends that only 54 percent of Pembroke's admissions come from the southwest Broward area and therefore, 54 percent of the facility's 149 beds or 80 beds will contribute to the population based need in southwest Broward County. AHCA Discharge Data for CY 1999 shows a smaller percentage, 48.45 percent, of Pembroke's discharges were from Memorial Hospital Miramar's proposed primary service area. Further, the applicant contends that Pembroke's contribution will be less if HCA does not make the \$35 million investment necessary to improve the facility and if some of the patients who use the facility choose to remain in the Memorial Healthcare System after HCA regains control.

Therefore, the applicant has reasonably shown that with Cleveland Clinic and when Memorial West adds its 36 beds, there will be 276 acute care³ beds available within its proposed primary service area. Assuming the applicant's need projections for that area are reasonable, the applicant has shown that its proposed primary service area could support an additional 115 acute care beds.

The applicant's need analysis focused on its proposed primary service area and did not consider the entire subdistrict. The acute care subdistrict is Broward County and, as stated earlier, occupancy during the CY 2000, was 48.42 percent.

In view of the above addressed "not normal" circumstances, the applicant concludes that there is a demonstrated need for the project. In addition, the applicant attempts to demonstrate how Memorial Hospital Miramar will reach its projected utilization without affecting other providers in the district, both approved and operational. In order to do this, the applicant looked at the proposed service area (the 10 zip codes previously addressed) and use rates for the total zip code area and projected the potential number of admissions based on specific Memorial Healthcare System market shares. The applicant explains that Memorial Hospital Pembroke will be the only hospital really impacted because it believes patients will choose to remain within the Memorial System, of which Pembroke is not expected to be a part by the time this project is licensed and operational. Memorial Hospital Pembroke will revert back to HCA - The Health Care Company at the expiration of Memorial's lease on June 30, 2005. While there would be an expense in bringing more, or all of, that facility's beds on line, what HCA might or might not do with that hospital is unknown.

³ 39 beds at Cleveland Clinic, 80 beds at Memorial Pembroke, 121 beds at Memorial West, 36 approved beds at Memorial West. Additionally, but not counted above, the applicant entered into a settlement agreement with the Agency which indicates that once Memorial West has licensed the 36-bed addition and that licensed addition has reached at least an 80 percent occupancy rate over a period of three consecutive months, and the hospital wide occupancy rate met or exceeded 80 percent, the Agency will issue an exemption for 16 acute care beds, some of which may be available to this area.

As previously discussed, the applicant expects Memorial Hospital Miramar will have little impact on Cleveland Clinic Hospital's utilization. However, the close proximity of the two hospitals does raise concern with six zip codes that overlap Cleveland Clinic Hospital's service area that could impact the applicant's perceived market share for this service. The applicant contends that the previously discussed "not normal" circumstances support the proposed new Memorial Hospital Miramar, however, the applicant can only speculate as to the impact of the Cleveland Clinic Hospital, which is located in reasonable proximity to the applicant hospital. That facility became operational in July of this year, and with a period of utilization data, better information regarding potential impact, the number of beds available to the southwestern portion of Broward County, and need for additional beds in that area will be available.

The applicant also indicates that its project would have minimal impact on Hollywood Medical Center and Westside Regional Medical Center, both with a one percent market share loss. Palmetto General, a district 11 facility is also projected to have a small market share loss as a result of the applicant's project.

2. Local Health Plan Preferences

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

The Broward Regional Health Planning Council, Inc. adopted the following Certificate of Need Allocation Factor in October 2000 with regard to acute care beds:

Priority should be given to those applicants that have a history of and clear expression of intent to provide services to the indigent.

South Broward Hospital District indicates that during FY 2000 it provided 5.38 percent of gross revenues to charity care and 6.0 percent to Medicaid patients. The applicant proposes to condition the project to Memorial Hospital Miramar providing 3.8 percent of its gross revenue to charity care patients and 5.4 percent of its patient days to Medicaid patients. Memorial Hospital Pembroke and Memorial Hospital West are not classified as Medicaid Disproportionate Share Providers for Fiscal Year 2001-2002. However, Memorial Regional Hospital is classified as a Disproportionate Share Provider. Refer to 4.n. below for further discussion of the applicant's history of providing care to the indigent.

3. Agency Rule Preferences

Does the project respond to preferences stated in agency rules? Indicate how each applicable criteria for the type of service proposed is met. Ch. 59C-1.031-.044, Florida Administrative Code

Priority Considerations.

- (a) **Priority consideration for initiation of new acute care services or capital expenditures shall be given to applicants with a documented history of providing services to medically indigent patients or a commitment to do so.**

See local preference above. One of the applicant's three facilities, Memorial Regional Hospital, is classified as a Medicaid Disproportionate Share Provider for FY 2001-2002. The applicant emphasizes its role as the safety net provider for charity care patients in Broward.

- (b) **When there are competing applications within a subdistrict, priority consideration shall be given to the applications, which meet the need for additional acute care beds in a particular service through the conversion of existing underutilized beds.**

There are no competing applications for acute care beds in Broward County. The applicant does not propose to convert existing underutilized beds.

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.**

Availability

South Broward Hospital District contends that the project will increase the availability of acute care beds in southwest Broward County since there is a maldistribution of these beds in this area of the county. As discussed in E. 1 above, the applicant has only looked at a portion of the subdistrict to base its need analysis. The applicant does point out that Memorial Hospital West was on diversion 123 times for a total of 952.6 hours during CY 2000 and 89 times for a total of 1,448 hours during the first seven months of 2001. As noted earlier, that hospital has been approved to add 36 beds.

Quality of Care

The quality of care of providers in the district is not an issue as the applicant discusses South Broward Hospital District's provision of quality care (see item 4.b.).

It is not clear that quality of care will improve in the district should this project be approved as need for additional beds in the subdistrict has not been clearly demonstrated. However, the applicant contends that patients will continue to choose its facilities and when it is no longer providing care at the Pembroke facility, occupancy levels are expected to be high at Memorial West. Again, this is speculative, but should it be the case, quality of care within Memorial Healthcare's system should improve with this project.

Efficiency

The efficiency of providers in the district is not an issue as the applicant emphasizes its perception that the project will have a positive impact on Memorial Healthcare Systems' overall efficiency in its ability to provide quality care to the uninsured. Further, the applicant again discusses the fact that Memorial Hospital West's emergency department has had to go on diversion status 123 times totaling 952.6 hours during CY 2000 and 89 times totaling 1,448 hours during the first seven months of CY 2001, forcing transfers to

facilities further away and basically creating inefficiencies within the healthcare system in Broward County. Again, it is noted that the applicant has 36 CON approved beds that should be available before this proposed project can be implemented. Although the addition of these beds will improve this situation, it is also likely that with projected population increases, diversions will continue to occur unless additional beds are approved for this area of the county.

Access

The applicant indicates that approval of Memorial Hospital Miramar is critical to its ability to provide the safety net care for the uninsured, Medicaid and other vulnerable patients. This project allows the applicant to serve a population which it states is “considerably younger and in a higher income bracket” than the population served by Memorial Regional Hospital, the applicant’s Medicaid disproportionate share provider. The applicant also indicates that Memorial Hospital West’s marginal earnings also provide additional funding for expanding services to the uninsured.

Utilization of existing providers

The following table reflects the utilization of acute care facilities in the service area for the past three years:

Broward County Occupancy Percentage 1998 through 2000				
Facility	Acute Care Beds	Occupancy % 1998	Occupancy % 1999	Occupancy % 2000
Broward General Medical Center	593	44.5%	43.6%	44.3%
Cleveland Clinic Hospital	150	47.6%	44.9%	40.1%
Coral Springs Medical Center	190	52.0%	56.5%	59.3%
Florida Medical Center	385	47.4%	48.5%	46.5%
Hollywood Medical Center	291	18.2%	19.8%	20.0%
Holy Cross Hospital	496	42.6%	47.0%	41.4%
Imperial Point Medical Center	157	41.6%	45.1%	41.1%
Memorial Regional Hospital	489	68.5%	70.1%	76.5%
Memorial Hospital Pembroke	301	21.0%	24.3%	26.2%
Memorial Hospital West	164	109.9%	87.8%	88.9%
North Broward Medical Center	361	42.5%	44.7%	45.9%
North Ridge Medical Center	379	35.2%	32.9%	35.3%
Northwest Medical Center	131	68.5%	73.9%	71.6%
Plantation General Hospital	217	42.4%	41.5%	43.7%
University Hospital & Medical Center	229	42.7%	45.2%	42.8%
Westside Regional Medical Center	204	56.7%	65.6%	69.3%
District 10 Total	4,762	44.1%	47.4%	48.4%

Source: Florida Hospital Bed and Service Utilization July 2001 and CON #9520 from Broward Regional Health Planning Council, District X, Annual Utilization Report, Year 2000.

Note: Bed count is as of December 31, 2000. Northwest Medical Center added 25 beds via CON #9025 on November 11, 2000.

District 10, Broward County had a total of 4,762 licensed acute care beds, which experienced an occupancy rate of 48.42 percent during calendar year 2000. South Broward Hospital District d/b/a Memorial Hospital West has approval to add 36 acute care beds to its facility under CON #9263. The applicant also has approval to construct a new 100-bed facility via CON #9459. This CON is a duplicate of the previously approved CON #9459, which is in administrative hearing and the applicant indicates it will not pursue this project should CON #9459 ultimately be approved. Broward General Medical Center has approval to delicense 43 acute care beds secondary to its addition of 15 adult psychiatric beds via CON #9107.

Although there are no geographic boundaries to prevent patient access to these beds, it is reasonable that patients are more likely to utilize acute care services that are geographically close to their residence and/or workplace. While the applicant indicates that there are no hospitals in the Miramar service area, there are hospitals, which are located within reasonable proximity to these residents and currently serve this population. However, as noted earlier, CY 1999 AHCA Discharge Data indicates that approximately 28 percent of the residents in Memorial Hospital Miramar's proposed service area sought acute care treatment at facilities located outside of southwest Broward County.

Need for the project is not evidenced by the availability and extent of utilization of existing health care facilities and health services in the applicant's service area. However, as noted above, there is some evidence that approval of this project will improve quality of care, efficiency, and accessibility of care to the medically indigent.

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

South Broward Hospital District indicates that it has a long history of providing quality care and all three of its hospitals are JCAHO accredited. Attachment M contained a copy of Memorial Healthcare System's (the district's) performance improvement plan, which includes all three hospitals. Additionally, the applicant's hospitals participate in the Medicaid and Medicare programs and are in compliance with the conditions of participation for these programs.

- 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 establishment of a hospital is based upon the needs of the population that comprise the southwest Broward County area of District 10 and will also serve residents in the far northwest portion of Miami-Dade County, according to the applicant. However, it is not expected that the proposed hospital will provide a substantial portion of its services to individuals not residing in District 10.

- 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.**

South Broward Hospital District hospitals are not statutory teaching hospitals. In addition, the applicant does not have an established residency program. This project is not expected to affect the clinical needs of health professional training programs in its service area. The applicant does state however, that Memorial Healthcare System does permit Mount Sinai Medical Center and Nova Southeastern residents to rotate through its hospital campus and provides educational programs for students, staff and physicians. The applicant provided a listing of the various educational, professional and technical training programs that have affiliations with Memorial Healthcare System.

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

In reference to health manpower, the applicant provides a detailed description of its recruitment and retention policies. The applicant indicates in its response to quality of care that it has longevity recognition programs, competitive salary and benefits, child and elder care programs, and choice of higher pay in lieu of benefits. The applicant indicates that these efforts among others have allowed Memorial Healthcare System to recruit and retain employees even for those categories of positions considered to be in short supply. The applicant also provided an overview of its management staff including bibliographies of key personnel.

CON Action Number: 9520

The audited financial statements for the periods were reviewed to assess the financial position as of the balance sheet date and the financial strength of its operations for the period presented. Key financial account balances along with specific ratios are presented for this analysis.

South Broward Hospital District: CON #9520

FINANCIAL INDICATORS AND RATIOS

	04/30/2001	04/30/2000
Current Assets	\$ 227,998,000	\$ 178,601,000
Cash and Current Investment	\$ 167,406,000	\$ 102,593,000
Assets Restricted for Capital Funding	\$ 74,564,000	\$ 68,283,000
Total Assets	\$ 682,360,000	\$ 608,970,000
Current Liabilities	\$ 97,064,000	\$ 81,731,000
Total Liabilities	\$ 369,414,000	\$ 348,291,000
Total Equity	\$ 312,946,000	\$ 260,679,000
Net Operating Revenues	\$ 626,225,000	\$ 534,637,000
Interest Expense	\$ 11,271,000	\$ 11,099,000
Net Profit – Operations	\$ (4,319,000)	\$ (17,726,000)
Net Income	\$ 49,063,000	\$ 21,871,000
Cash Flow Provided by Operating Activities	\$ 66,253,000	\$ 28,408,000
Working Capital	\$ 130,934,000	\$ 96,870,000
Current Ratio (CA/CL)	2.3	2.2
Long-Term Debt to Equity (TL-CL/TE)	0.9	1.0
Operating Cash Flow (CFO/CL)	0.683	0.3
Equity to Total Assets (TE/TA)	45.9%	42.8%
Operating Margin (NPO/NOR)	-0.7%	-3.3%
Total Margin (NI/NOR)	7.8%	4.1%
Return on Assets (NI/TA)	7.2%	3.6%
Operating Cash Flow to Assets (CFO/TA)	9.7%	4.7%

The applicant, South Broward Hospital District (the district), is a special taxing district created by the Florida Legislature that operates three hospitals, a nursing home, two outpatient clinics, and a home health agency in Broward County, Florida. The applicant is requesting to construct a 100-bed acute care hospital in Miramar, Florida. The initial cost of this project is expected to be \$78,109,700, with initial operating costs projected to be \$48,336,934 in the first year and \$64,502,017 in the second year.

Short-term position:

The district's current ratio of 2.3 indicates current assets are slightly more than two times that of short-term liabilities, a strong position. The working capital (current assets less current liabilities) of \$130.9 million indicates a materially positive short-term liquidity. The applicant has a strong short-term position.

Long-term position:

The long-term debt to equity ratio of 0.9 is less than the 80th percentile statewide. Long-term debt of \$197.5 million is significant but not excessive. Net income totaled \$49.1 million in 2001 or 7.8 percent, which is somewhat higher than the 50th percentile statewide of 3.8 percent. Net assets total \$312.9 million. The long-term position is good.

Capital requirements:

Schedule 2 indicates capital projects total 188.5 million. Maturities on long-term debt through 2006 total \$45.0 million. The total capital requirement is estimated at \$233.5 million.

Available capital:

The district has set aside \$74.6 million in Board designated assets for capital improvements. Another \$165.4 million are available in short-term investments. Cash flows from operations totaled \$66.3 million in FY 2001.

Conclusion:

Funding is likely to be available for this project as well as the entire capital budget.

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

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. Based on the number of beds, the range of services offered, and the projected number of admissions and patient days; the applicant will be compared to the hospitals in group 3. 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.

**Financial Comparison
Table
PEER GROUP 3**

	2007 YEAR 2 ACTIVITY	YEAR 2 ACTIVITY PER DAY	INFLATION ADJ. VALUES		
			Highest	Median	Lowest
ROUTINE SERVICES	31,611,220	636	935	588	333
INPATIENT AMBULATORY	1,572,832	32	131	45	5
INPATIENT SURGERY	6,047,426	122	0	0	0
INPATIENT ANCILLARY SERVICES	88,136,407	1,774	3,078	1,827	826
OUTPATIENT SERVICES	100,924,597	2,032	2,223	1,310	409
TOTAL PATIENT SERVICES REV.	228,292,482	4,596	6,367	3,770	1,573
OTHER OPERATING REVENUE	539,341	11	47	12	1
TOTAL REVENUE	228,831,823	4,607	5,422	3,967	2,200
DEDUCTIONS FROM REVENUE	162,889,710	3,279	*	*	*
NET REVENUES	65,942,113	1,328	2,130	1,338	973
EXPENSES					
ROUTINE	10,867,261	219	378	205	109
ANCILLIARY	23,775,748	479	606	401	182
AMBULATORY	5,743,827	116	0	0	0
TOTAL PATIENT CARE COST	40,386,836	813	984	606	291
ADMINISTRATIVE & OVERHEAD	11,613,256	339	1,172	613	431
PROPERTY	5,239,735	*	*	*	*
TOTAL HOSPITAL EXPENSE	57,239,827	1,152	2,174	1,282	944
OTHER OPERATING EXPENSE	7,262,189	0	0	0	0
TOTAL EXPENSE	64,502,016	1,299	2,174	1,282	944
OPERATING INCOME (MARGIN)	1,440,097	29	455	30	-155
PERCENT OPERATING MARGIN	2.2%				
			PERCENTAGES NOT INFLATION ADJUSTED		
PATIENT DAYS	27,648				
ADJUSTED PATIENT DAYS	49,673				
TOTAL BED DAYS AVAILABLE	36,500				
ADJ. FACTOR	0.5566				
TOTAL NUMBER OF BEDS	100				
PERCENT OCCUPANCY	75.7%		74.7%	51.2%	26.8%
<u>PAYER CLASS</u>					
	PATIENT DAYS	PERCENT OF TOTAL			
SELF-PAY	1,094	4.0%	8.9%	0.7%	0.0%
MEDICAID	1,481	5.4%	27.3%	11.5%	3.7%
MEDICAID HMO	0	0.0%			
MEDICARE	3,094	11.2%	66.4%	36.2%	12.9%
MEDICARE HMO	0	0.0%			
INSURANCE	511	1.8%			
HMO/PPO	20,961	75.8%	61.5%	37.5%	3.8%
TOTAL	27,648	100.0%			

Gross revenues, net revenues, and costs were obtained from Schedules 7 and 8 in the financial portion of the application. These were compared to the control group as a calculated amount per adjusted patient day. The adjustment is made to factor out the outpatient revenues in the per patient day computation.

Net revenue per adjusted patient day (NRAPD) of \$1,306 in year one and \$1,328 in year two is just above the control group median of \$1,303 in year one and slightly below the median of \$1,338 year two. The median is generally viewed as the best balance between financial feasibility and economies of operation. With net revenues per adjusted patient day falling closely around the median, the hospital is expected to consume health care resources in proportion to the services provided. (Financial Comparison Table).

Projected cost per adjusted patient day of \$1,298 in year one and \$1,299 in year two is between the group median and highest values of \$1,249 and \$2,117 in year one and \$1,282 and \$2,174 in year two. This applicant is considered cost efficient when compared to the control group. (Financial Comparison Table).

The year two operating profit for the hospital is estimated at \$1,440,097 which computes to an operating margin per adjusted patient day of \$29. This falls between the peer group median and lowest values of \$30 and \$-155. The operating margin computes to 2.2 percent, which is slightly below the 50th percentile for Florida hospitals. The project is feasible.

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

Managed care patient days are estimated at 75.8 percent of total patient days. The control group highest value is only 61.5 percent. The projection in excess of 70 percent managed care days may be optimistic; given that the sister hospital that these projections are based on is the highest in the group. However, should this degree of participation be achieved, the level of managed care is likely to have a significant positive impact on competition, to promote quality assurance and cost-effectiveness.

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

The application for this CON is essentially identical to CON #9459 reviewed in April of this year. Changes have been made in the costs, which is to be expected.

The proposed project is to construct a new 100-bed acute care hospital consisting of 203,152 GSF situated on a 5.78 parcel of land. The proposed location is identified as the southwestern portion of Broward County. The room complement will be all private rooms and have a bed configuration of 12 LDRP beds; 16 ICU/CCU beds; eight pediatric beds and 64 medical/surgical beds. Also, the applicant is proposing an additional 28 observation beds. All of the proposed rooms are planned as private rooms and all the required handicapped accessibility features and ratios are incorporated into the facility.

The functions of the proposed hospital are to be located in a four-story facility and are defined as follows:

First Floor - Emergency Department, Main Entry/Lobby, Administration, Dietary, Diagnostic/Imaging and Housekeeping.

Second Floor - Surgical/Recovery Suite and 16-bed ICU Unit.

Third Floor - 12 LDRP beds, eight Pediatric beds located in two wings and two other wings containing 14 Observation Beds in each wing.

Fourth Floor - Four wings with 16 medical/surgical beds in each wing for a total of 64 beds.

The arrangement of the first floor provides a good circulation flow that limits the amount of cross-traffic between staff, patients and the general public. The emergency department has a separate ambulance and walk-in entrance that is easily recognizable.

The second floor has the ICU unit located in a separate wing on one end of the building and the surgical suite on the opposite end. There appears to be two staffed control points into the surgical suite, which is a good feature since the sterile corridor is in close proximity to those control points. There are four operating rooms along with a cysto and minor surgery room. There is an eight-bed pre-op room and an eight-bed recovery room that meet the requirements of Chapter 59A-3 F.A.C. The ICU has a large central nurse station that has good visual control of a majority of the ICU rooms. All the required service and support functions are adjacent to the station for staff efficiency.

The third floor contains two wings with 14 beds each of observation rooms. There is a central nurse station located between the wings that will provide good visual control of any access into the units. The central core of the facility contains the elevators that are arranged for public access on one side and staff and patient access on the other side. The other two wings contain a 12-bed LDRP unit that has a complete bathroom and shower in each room. The rooms are generous in size in order to accommodate the required equipment and staff. Adjacent to this unit is a Level I nursery that is also next to the central nurse station for staff access and security control. The other wing is the eight-bed pediatric unit. The rooms in this unit are also generous in size and also have complete bathrooms. This unit is separate and contains an additional nurse station away from the central station. All the required service and support functions are adjacent to both nurse stations for staff efficiency.

Overall, the proposed project, as submitted, is well designed and is functional and efficient. The facility is designed to have expansion capabilities both horizontally and vertically to meet future growth needs. Therefore, the proposed project does not pose any architectural concern.

The applicant provided a list of most common applicable codes and reference is made to the new Florida Building Code, which will be in effect by the time this project is ready for design, review and construction.

The construction cost of \$222 per square foot is in the R S Means high-end median average for hospital construction. However, due to the location of the project the proposed cost is reasonable and the construction schedule of approximately 27 months is appropriate for this project.

- 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.**

South Broward Hospital District is the major provider of care to Medicaid and medically indigent patients in south Broward County. The applicant's projected amount of Medicaid and charity care provision for Memorial Hospital Miramar is shown below with related condition.

Projected Levels of Medicaid and Charity Care Proposed				
Facility	Percent Medicaid Pat. Days (Sch.7A) Yr. Two	Percent Charity (Sch.7A) Yr. Two	Medicaid Condition Requested	Charity Care Condition Requested
Memorial Hospital Miramar	5.4%	3.2%	5.4% of total patient days	3.8% of gross revenues

Source: CON Application page 175, Schedule 7A & Conditions Predicated Upon Award page.

While the applicant states on page 175 and conditions to charity care amounting to 3.8 percent of the project's gross revenues, the applicant's Schedule 7A indicates that the charity care only category is 3.2 percent of the project's year two gross revenues. This total rises to 4.0 percent only with including self-pay, Medicaid, Medicare, commercial insurance and other managed care write offs. As part of the South Broward Hospital District (d/b/a Memorial Healthcare System), Memorial Hospital Miramar would be mandated to provide care to all patients regardless of the patient's payor source.

South Broward Hospital District Hospital's history of providing Medicaid and charity care compared to the District 10 average is shown in the table below.

**South Broward Hospital District
Charity Care & Medicaid Patient Days FY 1999**

Facility	Charity Care as a % of gross charges	Medicaid Days as % of Total Patient Days
Memorial Hospital West	2.6%	3.7%
Memorial Hospital Pembroke	3.2%	3.6%
Memorial Regional Hospital	7.7%	11.5%
District 10 Avg.	4.2%	7.8%

Source: AHCA 1999 AHCA Financial Data

For the same period of time, the Memorial Healthcare System provided 6.13 percent of gross charges to charity care patients, 12.50 percent in total uncompensated care (charity and uncollected accounts) and 7.00 percent of gross revenues to Medicaid recipients. In total dollars, Memorial Healthcare System hospitals provided \$68,599,000 for charity care and \$139,570,000 in uncompensated care. During Fiscal Year 2000, Memorial Healthcare System provided 5.38 percent of gross charges to charity care patients, 11.70 percent total uncompensated care and 6.0 percent to Medicaid patients.

Memorial Hospital Pembroke and Memorial Hospital West are not classified as Medicaid Disproportionate Share Providers for Fiscal Year 2001-2002. However, Memorial Regional Hospital is classified as a Medicaid Disproportionate Share Provider. Memorial Hospital Miramar's proposed Medicaid condition would exceed the FY 1999's performance of seven of the reporting 16 hospitals in District 10. The applicant's proposed charity care condition would exceed the FY 1999's performance of 11 of the 16 acute care hospitals in District 10.

F. SUMMARY

South Broward Hospital District (CON #9520) is proposing to establish a new 100-bed acute care hospital located in District 10, Broward County, City of Miramar, Florida. However, this project is identical to CON #9459, previously approved to establish this proposed 100-bed facility in Miramar and therefore, this application is duplicative and will be denied, as there is no need for two 100-bed hospitals in Miramar.

The project involves a total cost of \$78,109,700. There is 203,152 GSF of new construction involved with this project and construction costs of \$45,102,700.

After weighing and balancing all applicable review criteria, the following relevant factors are listed with regard to the hospital project in District 10 by the South Broward Hospital District.

Need/Other Special Circumstances

- There is a zero fixed need pool for additional acute care beds in District 10. Memorial Hospital Miramar would be located within eight miles of the Cleveland Clinic Hospital, which opened in July 2001. It is likely that the applicant's project will impact one or more of the existing facilities in the western portion of the district.

- The applicant is applying for additional acute care beds in the absence of published need and based on perceived special circumstances that involve (1) explosive population growth in Southwest Broward County especially in the Miramar area; (2) geographic maldistribution of acute care beds between south and north Broward County especially in the southwest area; 3) improved access for Southwest Broward County residents as Miramar and surrounding area patients are forced to seek care or be transferred to out of area providers; (4) there being no viable alternatives to building Memorial Hospital Miramar; and (5) the need to assure Memorial Healthcare System will remain a strong competitor in the healthcare marketplace by allowing a continued stream of paying patients to access the new hospital which will provide additional finances to Memorial Healthcare System.
- The applicant did not demonstrate that current acute care services are inaccessible or being denied to area residents, although approximately 28 percent did seek acute care services from facilities not located in the southwest Broward County area. It was not demonstrated that existing and approved acute care providers in District 10 are outside of any acceptable travel time to access services by area residents. However, Memorial Hospital West has been subject to emergency room diversion 123 times totaling 952.6 hours during CY 2000 and 89 times totaling 1,448 hours during the first seven months of CY 2001.
- The applicant has shown that inefficiencies within the district should improve with additional acute care beds in the southwest portion of the district. Further, the applicant has shown that quality of care is likely to improve within its health care system with the approval of this project.

Quality of Care

- The applicant's hospitals are JCAHO accredited and in compliance with the quality of care criteria contained in rule.

Cost/Financial Analysis

- The applicant appears to have the resources and funds for capital and operating expenditures.
- The applicant is considered cost-efficient when compared to the control group.
- The project is considered to be financially feasible.
- The applicant's level of managed care is likely to have a significant positive impact on competition, to promote quality assurance and cost-effectiveness.

Medicaid/Indigent Care

- The applicant proposes to condition CON approval to charity care at 3.8 percent of gross revenues and Medicaid at 5.4 percent of the facility's total annual patient days.
- The applicant indicates that Memorial Hospital Miramar will serve all patients regardless of payor source by virtue of its being in the South Broward Hospital District system.
- Memorial Hospital Miramar's proposed Medicaid condition would exceed the FY 1999 performance of seven of the subdistrict's 16 hospitals. The applicant's proposed charity care condition would exceed of 11 of the 16 acute care hospitals in the subdistrict.
- Memorial Regional Hospital is a disproportionate share provider of the Medicaid program for fiscal year 2001-2002.

Architectural Analysis

- The proposed hospital room complement will be all private rooms with a bed configuration of 12 LDRP beds, 16 ICU/CCU beds, eight pediatric beds and 64 medical/surgical beds with all the necessary support spaces.
- Construction costs are reasonable due to the location of the project.
- The project conforms to the current applicable building codes, including life safety and meets the requirements of 59A-3.
- The project is well designed, functional and efficient.

G. RECOMMENDATION

Deny CON #9520.

AUTHORIZATION FOR AGENCY ACTION

Authorized representatives of the Agency for Health Care Administration adopted the recommendation contained herein and released the State Agency Action Report.

DATE: _____

Karen Rivera
Health Services and Facilities Consultant Supervisor
Certificate of Need

Jeffrey N. Gregg
Chief, Bureau of Health Facility Regulation