

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

St. Vincent's Medical Center, Inc./CON #9533

P.O. Box 2982
Jacksonville, Florida 32203

Authorized Representative: Warren Chandler
(904) 308-4030

2. Service District/Subdistrict/County

District 4

B. PUBLIC HEARING

No public hearing was held regarding the following proposed project, and no letters of support were submitted by the applicant.

C. PROJECT SUMMARY

St. Vincent's Medical Center, Inc. (CON #9533) proposes to establish a neonatal intensive care unit (NICU) to be composed of 10 beds at the proposed new acute care hospital to be located at the present site of St. Luke's Hospital, 4201 Belfort Road, Jacksonville, Florida 32216. The application is contingent on the delicensure of an equal number of Level II Neonatal Intensive Care beds by St. Luke's Hospital Association d/b/a St. Luke's Hospital.

Three projects are related and contingent on each other in this batching cycle: two are submitted by St. Vincent's Medical Center, Inc. and one by St. Luke's Hospital Association. St. Vincent's Medical Center, Inc. submitted CON #9536 to create a new health care facility and this project, CON #9533 to establish a 10-bed Level II NICU program at the new hospital. In the third project, CON #9535, St. Luke's Hospital Association seeks to relocate 214 of its existing beds on Belfort Road, to

the Mayo Clinic’s site on San Pablo Boulevard. The existing St. Luke’s Hospital has a total of 289 beds, of which 279 are acute care beds and 10 are Level II NICU beds. The replacement hospital at San Pablo Boulevard will have 214 acute care beds; hence, St. Luke’s Hospital Association has agreed to delicense 65 acute care beds and the 10 Level II NICU beds. (Refer to the project summary in CON #9535).

The applicant has agreed to the following conditions upon approval of this CON:

1. The specific site is Belfort Road, where the existing St. Luke’s Hospital is located.
2. In the table below, the commitment on cases and days by payer appear for the new St. Luke’s Hospital.

**Level II NICU Cases and Patient Days By Payer
at the New St. Luke’s Hospital
First Two Years of Operations**

Payer	Percent Admits	Year 1 Patient Days	Year 1 Admits	Year 2 Patient Days	Year 2 Admits
Charity	1.94%	46	6.7	46	6.7
Self Pay	0.00%	0	0.0	0	0.0
Other	0.00%	0	0.0	0	0.0
Medicaid	29.95%	706	66.8	708	67.0
Commercial	0.85%	20	2.2	20	2.2
Managed Care	67.26%	1,585	168.1	1,590	168.6
TOTAL	100.0%	2,357	249.5	2,364	244.6

Source: CON Application

At the second year of operation, St. Vincent’s Medical Center commits to 1.94 percent of total Level II NICU patient days to charity care and 29.95 percent of total Level II NICU patient days to Medicaid recipients.

3. The effectuation of an enforceable capital expenditure of 10 percent or more within 18 months of the issuance of the three linked CONs (9536, 9535, and 9533).
4. Commitment to code compliance for existing facilities. An understanding that the building requirements associated with the establishment of a new hospital shall not be imposed by AHCA.
5. Commitment to simultaneous licensure of CON #9535 and CON #9536.

The applicant understands that a compliance report is due no later than April 1 for the prior calendar year, at which time the applicant shall report the status of conformity with the conditions.

The applicant also understands that a penalty may be imposed for failing to meet conditions associated with the award of a certificate of need.

The total project cost is estimated at \$110,865. There are no construction costs and the project will involve 912 gross square feet.

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 meets the review criteria.

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

As part of the fact-finding, the consultant, M. Riley Gibson, analyzed the application in its entirety with consultation from the Financial Analyst, Roger Bell, who evaluated the financial data, and the Architect, Joel Hill who evaluated the architectural and the schematic drawings.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Ch. 59C-1.008 and Ch. 59C-1.042, Florida Administrative Code.

In Volume 28, Number 4, dated January 25, 2002 of the Florida Administrative Weekly, a fixed need pool of zero beds was published for Level II NICU beds in District 4 for the July 2004 planning horizon. The applicant is proposing to establish a 10-bed Level II NICU through the delicense of 10 Level II NICU beds at St. Luke's Hospital. Thus, no new beds or services are sought for District 4.

According to the Florida Hospital Bed and Service Utilization by District for the January 2002 Batching Cycle, District 4 has 76 licensed Level II neonatal intensive care beds and 16 approved Level II beds, as of January 25, 2002. For the July 2000 to June 2001 reporting period, the 76 licensed Level II NICU beds in District 4, experienced an occupancy rate of 60.65 percent.

Of the 76 licensed Level II NICU beds, 53 are located in Duval County as are the 16 approved beds. When Shands Hospital Jacksonville brings the 16 beds into service, Duval County will have 69 of the 92 Level II NICU beds, or 75 percent of the district capacity.

In Duval County, the existing Level II NICU beds are located in the following hospitals: Baptist Hospital Jacksonville, 33 beds; St. Luke's Hospital, 10 beds; and St. Vincent's Medical Center, 10 beds. The Level II NICU approved beds will create a step-down unit for Shands Hospital Jacksonville, presently a provider of Level III NICU services.

No new beds are requested, nor are beds requested that would increase the number of existing and approved beds. St. Luke's Hospital Association states, in CON #9535 that it does not intend to provide obstetrical services at its new location, assuming the CON is awarded. Since St. Vincent's Medical Center seeks to maintain a hospital at the present Belfort Road Campus, this proposal recaptures the 10 Level II NICU beds so that the existing obstetrical program will remain intact and available to the community currently serviced by St. Luke's Hospital.

According to the applicant, need for the Level II NICU service and the 10-bed unit were demonstrated when the program was awarded to St. Luke's Hospital Association. St. Luke's Hospital initiated the service in August 2000, and has continued to provide services since that time. Therefore, the applicant contends that the central issue in this proposal, (CON #9533), is whether or not this service should be continued under the assumption that St. Vincent's Medical Center will be awarded the right to operate a hospital at Belfort Road, (CON #9536).

The applicant previously received approval for the Level II NICU services on December 14, 2001 via CON #9481. However, this approval as well as the related CON approvals also announced on December 14, 2001 to St. Vincent's to establish a new hospital at the St. Luke's Hospital site (CON #9484) and St. Luke's replacement hospital on the campus of Mayo Clinic Jacksonville (CON #9483) were challenged and are currently pending an administrative hearing. The proposed project replicates the previously approved project with some updated information/data included.

The applicant states three major reasons that underlie this proposal. They are as follows:

1. The existing St. Luke's Hospital presently provides Level II NICU services in a 10-bed unit. The proposed project will maintain these services at the present location.
2. Because this tertiary service is presently provided, the existing St. Luke's Hospital has the components for Level II services in place including the physical plant and ancillary support spaces along with the equipment.
3. The existing St. Luke's Hospital presently provides obstetrical services and related care that support the Level II NICU. The applicant intends to provide a 17-bed labor, delivery and postpartum services in support of the 10-bed Level II NICU service.

St. Vincent's states that the three reasons above ensure that the proposed project CON #9536 for the new St. Luke's Hospital retains its mission of service to the community. As part of this mission, the proposed project will continue Level II NICU services. Moreover, St. Vincent's Medical Center presently provides both obstetrical services and Level II NICU services at its existing hospital. The applicant wants to continue to provide a full range of maternity services at the new St. Luke's Hospital, including obstetrics and neonatal intensive care.

The proposed project will continue the services that St. Luke's wishes to delineate in its relocation to the Mayo Clinic site. The related proposal by St. Luke's to develop a replacement facility (CON #9483) will essentially close its staff to community physicians in order to provide a practice facility for physicians affiliated with the Mayo Clinic. Mayo Clinic physicians will continue the tradition of research and education, focusing upon tertiary and quaternary services. In view of this, the decision was made to discontinue obstetrical services. Without obstetrical services, the need for and use of an Level II NICU program would be markedly reduced. With limited beds in the 214-bed replacement facility, St. Luke's Hospital Association's priorities led to a decision to discontinue obstetrical and hence, Level II NICU care.

The applicant contends that the elimination of obstetrical and Level II NICU services when the replacement hospital is built could produce adverse consequences for the community. Some unintended consequences of discontinuing the service may include, but are not limited to those below:

- Disruption in maternity, obstetric and Level II NICU services;
- Disruption in referral and practice patterns among physicians;
- Reduction in access to care for patients, particularly charity care and Medicaid recipients;
- Reduction in access to services for payers, particularly insurers; and
- Reduction in the supply of beds, particularly in an area of high growth.

The applicant states that in order to avoid these unintended negative consequences, the Level II NICU services should continue at the Belfort Road Campus. However, the applicant did not provide any substantial evidence to support the above reductions and disruptions in service. Memorial Hospital of Jacksonville has 10 Level II NICU beds that are currently running at 55.86 percent occupancy for the period July 2000-June 2001. It is therefore evident that additional capacity exists in the area to handle some overflow. In addition, St. Vincent's own 10-bed Level II NICU was operated at an average occupancy of 52.90 percent for the same time period.

St. Vincent's Medical Center states that it will not incur any costs for construction, renovation, or equipment for the Level II NICU most notably because the service exists and operates currently, and will

continue to operate until the replacement hospital opens. Spaces and equipment exist at the Belfort Road campus, allowing Level II NICU service to occur without incurring any new capital costs.

As previously mentioned, St. Vincent's Medical Center's proposal is contingent on CON #9536, which results in the acquisition of operations of the Belfort Road Campus, becoming the new St. Luke's Hospital. The components for the Level II NICU service, including the location within the hospital, the support spaces, and the equipment exist presently and are in operation.

St. Vincent's states that maternity services along with women and infants' health care services are major elements of St. Vincent's Medical Center's mission. The hospital provides obstetrical services at its current hospital located on Barrs Street. The hospital operates 17 labor/delivery/recovery/postpartum rooms and provides a 10-bed Level II NICU service as well. This commitment to women and children also exists at the present St. Luke's Hospital. However, when the replacement hospital is built, St. Luke's Hospital Association will discontinue such services.

In support of the ongoing maternity and obstetrical care at the new St. Luke's Hospital, St. Vincent's Medical Center will provide the following services:

- Prenatal and childbirth education classes;
- Tours of the maternity suites, postpartum unit, and nursery;
- Books, pamphlets, and videotapes on topics including prenatal care, childbirth, breastfeeding, parenting, and women's health;
- Telephone consultation with experienced registered nurses for advice on everything from mom's recovery and care to breastfeeding and infant care;
- Free postpartum assessments and infant health screening by registered nurses, including physician referrals if specific problems are discovered;
- Help to access community and civic agencies and organizations;
- Breast pump rentals and sales; and
- Instruction (one-on-one, telephone, and class setting) on newborn care and parenting issues.

The applicant contends that the original 10-bed Level II NICU was approved even though the fixed need pool indicated no need. One reason for approval was the number of births at St. Luke's Hospital, which exceeds 1,500. The applicant states that this circumstance continues to underscore the need to maintain the program at the Belfort Road campus. However, for the most recent reporting period (July 2000-June 2001), St. Luke's 10-bed Level II unit had an average occupancy rate of 50.67 percent.

The applicant anticipates little potential for adverse impact on the other existing providers of Level II NICU services with the continuation of the unit at the new St. Luke's Hospital.

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.

The District 4 October 2000 CON Allocation Factors Report provides the following preferences for applications pertaining to Level II NICU beds:

Generic Preference Statements

For both competing and non-competing applications, preference shall be given to:

- 1. Applicants who demonstrate that they will meet identified needs by providing services, which must meet commonly accepted quality standards in a most economical manner in terms of capital and operating expenditures.**

The St. Vincent's Medical Center has ongoing accreditation from the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The copy of the accreditation was included in the application.

St. Vincent's Medical Center submits this proposal contingent upon CON #9536 to continue a hospital at the Belfort Road Campus. St. Luke's Hospital Association, at the existing St. Luke's Hospital, presently provides Level II NICU services. However, St. Luke's Hospital Association will delicense the beds in the related CON #9535 to create a replacement hospital on the site of the Mayo Clinic campus. The replacement facility will not provide either obstetrical services or Level II NICU services.

Moreover, the replacement hospital will allow only Mayo Clinic affiliated physicians privileges, discontinuing community physician privileges.

2. Applicants who demonstrate they can alleviate a current or potential geographic access problem.

Although the applicant did not demonstrate that this project will alleviate a current or potential geographic access problem, it did discuss continued obstetrical and NICU care to the community currently serviced by St. Luke's Hospital. According to the applicant, for the baseline period, July 1, 2000 through June 30, 2001, St. Luke's Hospital provided 14,414 patients with care, and generated 65,879 patient days. Of those cases, 5,126 are associated with the community physicians, obstetric services, and a portion of emergency cases admitted (excluding open heart and cardiac therapeutic angioplasties and stents, DRGs 104-109, 112, 116, and neonatal intensive care 385-389), with the associated inpatient days exceeding 18,000.

The cases associated with the community physicians were analyzed. The deliveries that Mayo Clinic physicians performed also were included with the baseline information since St. Luke's Hospital Association will not provide obstetrics at the replacement hospital. Of the total 1,598 deliveries, Mayo Clinic physicians performed 1,095.

The data above show that during the baseline period, deliveries represent 31 percent of the cases (1,598/5,126). The applicant states that this level of service indicates that the provision of obstetrical services is important to the community.

The table that follows presents the detail of the utilization during the baseline period of obstetrical and NICU services at the existing St. Luke's Hospital.

Numbers of Cases and Days by DRG for Newborns at the Existing St. Luke's Hospital

DRG	Cases	Days	\$	ALOS	\$/Case
385	9	20	\$ 55,702	2.2	\$ 6,189
386	8	208	415,742	26.0	51,968
387	70	831	1,433,903	11.9	20,484
388	60	218	175,562	3.6	2,926
389	185	592	557,982	3.2	3,016
390	452	999	350,361	2.2	775
391	837	1,777	493,899	2.1	590
TOTAL	1,621	4,645	\$ 3,483,151	2.9	\$ 2,149

Note. Data come from the Agency for Health Care Administration's, *Patient Data Discharge File*, for July 1, 2000 through June 30, 2001.

The data above indicate a total of 1,621 newborns requiring care at the existing St. Luke's Hospital, and of those, at least 332 cases (DRGs 385-389) could be classified as Level II NICU services.

According to data reported to the health planning council, for calendar year 2001, St. Luke's reported 125 Level II NICU cases, and 1,780 Level II NICU days of the District 4's Level II NICU days of 16,734 or 11 percent of the District 4 Level II NICU days. District 4's total deliveries for 2001 were 19,039 of which 1,537 or eight percent were performed at the existing St. Luke's Hospital (also known as St. Vinnie DeLuca Memorial Hospital).

The applicant contends that having these services at the new St. Luke's Hospital ensures that needed health care services remain available and accessible.

3. Applicants who demonstrate that the proposed service has access to an adequate supply of appropriate health manpower.

Schedule 6 shows adequate manpower for the proposed project. The applicant states that since the replacement facility (CON #9535) will discontinue both obstetrics and Level II NICU services, personnel now employed at the existing St. Luke's Hospital's 10-bed unit would likely be primary candidates for retention, avoiding the need to recruit new employees into the area.

4. Applicants who demonstrate that new or expanded bed capacity and/or service will not have a significant negative impact on similar adjacent health care facilities (this preference does not apply to hospices).

In this proposal, no new or expanded services are sought. Rather, this proposal seeks the retention of the Level II NICU service at the existing Belfort Road campus, the site of the new St. Luke's Hospital as proposed in contingent CON #9536. The proposed project should not have an impact on similar adjacent health care facilities.

5. Applicants who commit to maximizing services to rural county residents (if applicable).

The proposal is located in Duval County, which is a metropolitan area.

In addition to the generic preference statements that apply to all CON applications, the council has adopted the following preference statements specific to NICU. For both competing and non-competing applications, preference shall be given to:

1. Applicants who propose or convert existing licensed unused beds.

As mentioned previously, the effect of CON #9533 is to retain the 10-bed, Level II NICU at Belfort Road, the site of the new St. Luke's Hospital, proposed in CON #9536. Thus, no new beds, converted beds, or transferred beds are involved.

Rather, the applicant will recapture the 10 Level II NICU beds that St. Luke's Hospital Association proposes to delicense in related CON #9535 to create a replacement hospital on the site of the Mayo Clinic. St. Luke's Hospital Association at the replacement hospital will not provide obstetrical services; hence, the Level II NICU beds will be delicensed in the application.

2. Applicants who propose to establish the first Level III program in Volusia County.

This proposal is for the continuation of Level II NICU services at the new St. Luke's Hospital. The applicant is not proposing to establish the first Level III program in Volusia County.

3. Applicants who formally commit to a program of Medicaid and/or charity inpatient care, and specify the amount of Medicaid and/or charity care they will provide in their CON application.

St. Vincent's Medical Center, Inc., the applicant, proposes to provide obstetrical and Level II NICU services that are similar to those services presently provided at St. Vincent's Medical Center on Barrs Street. St. Vincent's Medical Center commits to the provision of Medicaid and charity care, are shown in the table that follows:

**Level II NICU Cases and Patient Days By Payer at the
New St. Luke's Hospital
First Two Years of Operations**

Payer	Percent Admits	Year 1 Patient Days	Year 1 Admits	Year 2 Patient Days	Year 2 Admits
Charity	1.94	46	6.7	46	6.7
Self Pay	0.00	0	0.0	0	0.0
Other	0.00	0	0.0	0	0.0
Medicaid	29.95	706	66.8	708	67.0
Commercial	0.85	20	2.2	20	2.2
Managed Care	67.26	1,585	168.1	1,590	168.6
TOTAL	100.0	2,357	249.5	2,364	244.6

Source: CON Application

At the second year of operation, St. Vincent's Medical Center commits to 1.94 percent of the total Level II NICU patient days to charity care and 29.95 percent of total Level II NICU patient days to Medicaid recipients.

4. Applicants who submit in their CON application copies of written patient transfer agreements with the county health department for maternal and child health services.

The applicant does not have a transfer agreement with the county health department for maternal and child health services and states that an agreement is unnecessary. The applicant further states that St. Vincent's mission statement and core values of the medical center underscore that the poor are beneficiaries of the hospital's services.

Specific programs at the hospital, including Health Link, Mobile Screening, and primary care physicians assure that the poor have access to medical care. Under this same mission, the hospital's staffs routinely work with the county health unit to provide access to care, including prenatal care, obstetrical services, primary care, and children's care, along with prevention, education, and health promotion.

5. Approval of Level II beds in the Greater Jacksonville area should be based on area wide need (i.e., the five-county area of Baker, Clay, Duval, Nassau, and St. Johns Counties) and not solely on a high occupancy rate at an individual hospital.

The applicant is not applying to add new beds to the district. Need for the existing 10-bed unit was previously determined.

- 6. Applicants who specify how their proposed program will participate in the Greater Jacksonville area neonatal intensive care network. Participation can include, but not be limited to, a contractual agreement or letter of agreement with the University of Florida neonatologist.**

As an existing provider of Level II NICU services in Health Planning District 4, St. Vincent's Medical Center participates in the area wide network. Neonates requiring Level III services are transferred to Shands Hospital Jacksonville, formerly known as University Medical Center. Shands Hospital Jacksonville is affiliated with Shands Hospital in Gainesville, at the University of Florida.

Shands Hospital Jacksonville has agreed to provide the transfer agreement as well as transport. A copy of that agreement is provided in the application as an exhibit.

3. Agency Rule Preferences

Please indicate how each applicable preference for the type of service proposed is met. Chapter 59C-1.042, Florida Administrative Code.

- a. Ch. 59C-1.042(3)(k), Florida Administrative Code - Services to Medically Indigent and Medicaid Patients. In a comparative review, preference shall be given to hospitals which propose to provide neonatal intensive care services to Children's Medical Services patients, Medicaid patients, and non-Children's Medical Services patients who are defined as charity care patients according to the Health Care Board, Florida Hospital Uniform Reporting System Manual, Chapter III, Section 3223. The applicant shall estimate, based on its historical patient data by type of payer, the percentage of neonatal intensive care services patient days that will be allocated to:**

- (1) Charity care patient;**
- (2) Medicaid patients;**
- (3) Private pay patients, including self-pay; and**
- (4) Regional Perinatal Intensive Care Center Program and Step Down Neonatal Special Care Unit patients.**

At the second year of operation, St. Vincent's Medical Center commits to 1.94 percent of total Level II NICU patient days to charity care and 29.95 percent of total Level II NICU patient days to Medicaid recipients.

Refer to E.4.i. below for further discussion.

b. Ch. 59C-1.042(4), Florida Administrative Code - Level II and Level III Service Continuity. To help assure the continuity of services provided to neonatal intensive care services patients:

- (1) Hospitals may be approved for Level II neonatal intensive care services without providing Level III services. In a comparative review, preference for the approval of Level II beds shall be given to hospitals, which have both Level II neonatal intensive care unit beds and Level III neonatal intensive care unit beds.**

The applicant proposes to retain the 10-bed NICU at the Belfort Road campus to become the new St. Luke's Hospital. The proposed project is not comparatively reviewed.

- (2) Applicants proposing to provide Level II or Level III neonatal intensive care services shall ensure developmental follow-up on patients after discharge to monitor the outcome of care and assure necessary referrals to community resources.**

According to the applicant developmental follow-up is conducted on all neonates in the Level II NICU. Rehabilitation specialists, including respiratory therapists and dieticians, are included in the interdisciplinary case staffing, so that information is obtained from all disciplines that will benefit the neonates and their families.

c. Ch. 59C-1.042(5), Florida Administrative Code - Minimum Unit Size.

As stated previously, the existing St. Luke's Hospital has a 10-bed Level II NICU and this proposal seeks to continue to provide the same 10-bed service at the new St. Luke's Hospital. The current unit meets the minimum unit size for hospitals proposing Level II services only.

d. Ch. 59C-1.042(6) - Minimum Birth Volume Requirement. Hospitals applying for Level II Neonatal Intensive Care services shall not normally be approved unless the hospital has a minimum service volume of 1,000 live births for the most recent 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool. Specialty children's hospitals are exempt from these requirements.

The applicant provided the following table that shows the existing births at St. Luke's Hospital for the years 1998-2001.

Number of Births by Year at the Existing St. Luke's Hospital

Month	2001 Births	2000 Births	1999 Births	1998 Births
January	160	105	61	39
February	129	128	64	30
March	135	151	82	42
April	115	129	101	54
May	132	145	112	49
June	135	133	91	46
July	114	119	83	74
August	133	148	101	63
September	136	127	118	61
October	117	153	134	76
November	110	137	112	60
December	121	144	121	70
Total	1,537	1,619	1,180	664

Note. Data come from the Health Planning Council of Northeast Florida, *Hospital Utilization Statistics by Month*, for years shown.

The information above shows the growth in the number of births at the existing St. Luke's Hospital until 2000. For the most recent year, 1,537 births occurred. This is the third year the hospital has exceeded the minimum 1,000 birth level.

- e. Ch. 59C-1.042(7) - Geographic Access. Level II and Level III neonatal intensive care services shall be available within two hours ground travel time under normal traffic conditions for 90 percent of the population in the service district.**

Currently Level II and Level III NICU services are available and accessible within the two hours ground time to 90 percent of the residents of District 4.

- f. Ch. 59C-1.042(8) - Quality of Care Standards.**

- (1) Physician Staffing: Level III neonatal intensive care services shall be directed by a neonatologist or a group of neonatologists who are on active staff of the hospital with unlimited privileges and provide 24-hour coverage, and who are either board-certified or board-eligible in neonatal-perinatal medicine.**

The applicant states that the medical director of the NICU is Arthur J. Vaughn, M.D. He is presently the medical director of St. Luke's Hospital's Level II NICU nursery and will continue to perform this duty. The applicant also submitted a letter in exhibit 3-2 that indicates that the Level II NICU nursery shall be under the direction of NeoJax, Neonatal Associates of Jacksonville, P.A.

- (2) **Nursing Staffing:** The nursing staff in Level II and Level III neonatal intensive care units shall be under the supervision of a head nurse with experience and training in neonatal intensive care nursing. The head nurse shall be a registered professional nurse. At least one-half of the nursing personnel assigned to each work shift in Level II and Level III neonatal intensive care units must be registered nurses.

According to the applicant with the coordination of the Level II NICU services at the new St. Luke's Hospital, the program will be under the existing St. Vincent's Medical Center structure. The applicant identified the director of Women's Services as well as other key positions within the program.

- (3) **Special Skills of Nursing Staff:** Nurses in Level II and Level III neonatal intensive care units shall be trained to administer cardio-respiratory monitoring, assist in ventilation, administer I.V. fluids, provide pre-operative and post operative care of newborns requiring surgery, manage neonates being transported, and provide emergency treatment of conditions such as apnea, seizures, and respiratory distress.

The applicant states that the hospital nursing staff already has the required competencies.

- (4) **Respiratory Therapy Technician Staffing:** At least one certified respiratory care practitioner therapist with expertise in the care of neonates shall be available in the hospitals with Level II or Level III neonatal intensive care services at all times. There shall be at least one respiratory therapist technician for every four infants receiving assisted ventilation.

The applicant states that the hospital will have sufficient respiratory therapists to meet the need at the new St. Luke's Hospital. St. Vincent's Medical Center has a respiratory care department, and experienced therapists are available to the neonatal intensive care program.

- (5) **Blood Gases Determination and Ancillary Service**
Requirements: Blood gas determination shall be available and accessible on a 24-hour basis in all hospitals with Level II or Level III neonatal intensive care services. Hospitals providing Level II or Level III neonatal intensive care services shall provide on-site, on a 24-hour basis, x-ray, obstetric ultrasound, and clinical laboratory services. Anesthesia shall be available on an on-call basis within 30 minutes. Clinical laboratory services shall have the capability to perform microstudies.

Blood gas determination is available 24 hours, seven days a week. The hospital provides all the above including on-site x-ray, and clinical laboratory services 24 hours, seven days a week. Anesthesiologists are on staff and anesthesia is available within 30 minutes.

- (6) **Nutritional Services: Each hospital with Level II or Level III neonatal intensive care services shall have a dietician or nutritionist to provide information on patient dietary needs while in the hospital and to provide the patient's family instruction or counseling regarding the appropriate nutritional and dietary needs of the patient after discharge.**

According to the applicant it has designated registered and licensed dietitians assigned to the NICU. These dietitians assess their patients for nutritional risk and follow them according to diagnosis-based standards of practice.

- (7) **Social Services: Each hospital with Level II or Level III neonatal intensive care services shall make available the services of the hospital's social service department to patients' families which shall include, but not be limited to, family counseling and referral to appropriate agencies for services. Children potentially eligible for the Medicaid, Children's Medical Services, or Developmental Services Programs shall be referred to the appropriate eligibility worker for eligibility determination.**

The applicant describes the duties of the social worker in assisting the patient's family, including identification and referral to needed resources in the community. Coordination occurs with community agencies for all home health, durable medical equipment, Healthy Start, Healthy Families, Children's Medical Services, early intervention, and entitlement programs for neonates.

- (8) Developmental Disabilities Intervention Services: Each hospital that provides Level II or Level III neonatal intensive care services shall provide in-hospital intervention services for infants identified as being at high risk for developmental disabilities to include developmental assessment, intervention, and parental support and education.**

According to the applicant, in cooperation with the attending physician and the neonatologist, developmental assessments are conducted. The hospital's staff will assist with obtaining the appropriate releases for medical information so that tests or assessments do not have to be repeated unless necessary.

- (9) Discharge Planning: Each hospital that provides Level II or Level III neonatal intensive care services shall have an interdisciplinary staff responsible for discharge planning. Each hospital shall designate a person responsible for discharge planning.**

According to the applicant it has an interdisciplinary staff responsible for discharge planning of all hospital patients that provide family counseling and referrals to appropriate community agencies.

g. Ch. 59C-1.042(9) - Level II Neonatal Intensive Care Unit Standards: The following standards shall apply to Level II neonatal intensive care services:

- (1) Nurse to Neonate Staffing Ratio. Hospitals shall have a nurse to neonate ratio of at least 1:4 in Level II NICUs at all times. At least 50 percent of the nurses shall be registered nurses.**

St. Vincent's indicates that the nurse to neonate ratio will be at least 1:4 in the Level II NICU.

- (2) Requirements for Level II NICU Patient Stations. Each patient station in a Level II NICU shall have, at a minimum:**

- a. Fifty square feet per infant;**
- b. Two wall-mounted suction outlets preferably equipped with a unit alarm to signal loss of vacuum;**
- c. Eight electrical outlets;**
- d. Two oxygen outlets and an equal number of compressed air outlets and adequate provisions for mixing these gases;**
- e. An incubator or radiant warmer;**
- f. One heated humidifier and oxyhood;**

- g. One respiration or heart rate monitor;**
- h. One resuscitation bag and mask;**
- i. One infusion pump;**
- j. At least one oxygen analyzer for every three beds;**
- k. At least one non-invasive blood pressure monitoring device for every three beds;**
- l. At least one portable suction device; and**
- m. Not less than one ventilator for every three beds.**

The applicant states that it is in compliance with all of the requirements above. Refer to the architectural review below in E.4.h.

(3) Equipment Required to be Available to Each Level II NICU on demand:

- a. An EKG machine with print-out capacity;**
- b. Transcutaneous oxygen monitoring equipment; and**
- c. Availability to continuous blood pressure measurement.**

The applicant states it has all the required equipment above.

i. Ch. 59C-1.042(11) - Emergency Transportation Services: Each hospital providing Level II neonatal intensive care services or Level III neonatal intensive care services shall have or participate in an emergency 24-hour patient transportation system.

- (1) Provision of Emergency Transportation. Hospitals providing Level II or Level III neonatal intensive care services must operate a 24-hour emergency transportation system directly, or contract for this service, or participate through a written financial or non-financial agreement with a provider of emergency transportation services.**
- (2) Requirements for Emergency Transportation System. Emergency transportation system, as defined in paragraph (11)(a), shall conform to Section 10D-66.52, Florida Administrative Code.**

The applicant indicates the transports are staffed with specially trained staff consisting of residents, neonatal nurses, respiratory therapists, paramedics and ambulance drivers. A part of the transfer agreement with Shands Hospital Jacksonville, the Level III NICU provider, specifies that transport as well as acceptance of transfers for Level III NICU services shall occur.

- j. Ch. 59C-1.042(12) - Transfer Agreements: A hospital providing only Level II neonatal intensive care services shall provide documentation of a transfer agreement with a facility providing Level III neonatal intensive care services in the same or nearest service district for patients in need of Level III services. Facilities providing Level III neonatal intensive care services shall not unreasonably withhold consent to transfer agreements which provide for transfers based upon availability of service in the Level III facility, and which will be applied uniformly to all patients requiring transfer to Level III, as defined in subparagraph (2)(e)2. An applicant for Level II or Level III neonatal intensive care services shall include, as part of the application, a written protocol governing the transfer of neonatal intensive care services patients to other inpatient facilities.**

See previous response above under local health council preferences. Shands Hospital Jacksonville will accept transfers of Level II NICU patients from the new hospital.

- k. Ch. 59C-1.042(13) - Data Reporting Requirements: All hospitals with Level II or Level III neonatal intensive care services shall provide the agency or its designee with patient utilization and fiscal reports which contain data relating to patient utilization of Level II and Level III neonatal intensive care services.**

The applicant states that it will continue to provide all data required by the Agency in this section of the rule.

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.**

As previously mentioned, St. Luke's Hospital provides both obstetrical services and Level II NICU services under the licensure of St. Luke's Hospital Association. The services will continue to be provided until the replacement hospital is constructed and ready for occupancy. At the time St. Luke's Hospital Association moves into the replacement hospital, the obstetrical and Level II NICU services will be stopped at Belfort Road and the 10 beds will be eliminated from the inventory of Level II NICU beds, reducing the 76 licensed beds to 66 beds. The proposed project is aimed at ensuring that access to obstetrical and Level II NICU services including hospital services will continue.

St. Vincent's Medical Center offers a variety of means to assure patients access to care. St. Vincent's Medical Center actively promotes as well as participates in programs and activities in order to ensure that persons in its service area have ready access to its services. These include its Mobile Health Outreach Ministry, Parish Nurse Program, and We Care medical clinics.

A summary of the program appears in the application behind Tab 5, Quality of Care, where the applicant's ability to provide quality of care is explained. Quality assurance will follow the successful protocols now in use at the medical center. The hospital is accredited by the Joint Commission of Accreditation of Health Care Organizations (JCAHO), participates in federal Medicare and Medicaid Programs, and has no COBRA or other violations.

With respect to financial access, the applicant reasonably demonstrated that access would be enhanced at the new St. Luke's Hospital with the continuation of Level II NICU services under St. Vincent's Medical Center's operations. The applicant's projects yield 1.94 percent of total Level II NICU patient days to charity care and 29.95 percent of total Level II NICU patient days to Medicaid recipients.

The table below reflects historical utilization of St. Vincent's Medical Center's Level II NICU for the five most recent calendar years. As shown below, the hospital achieved a CY 2001 average occupancy rate of 58.19 percent. This is slightly higher than the occupancy data provided to the agency for the July 2000 to June 2001 reporting period and used in the fixed need pool calculations. The occupancy for this time period is shown to be 52.90 percent.

Historical Utilization of Level II NICU Services at St. Vincent's Medical Center

Year	Deliveries	NICU Discharges	NICU Patient Days	Occupancy
2001	2,109	210	2,124	58.19%
2000	2,139	194	1,837	50.19%
1999	2,265	292	2,806	76.88%
1998	1,983	295	2,738	75.01%
1997	2,111	260	2,358	64.60%
1996	2,124	239	1,825	49.86%
1995	2,091	263	1,489	40.79%

Source: Local Health Planning Council Data

The final table below provided by the applicant reflects the utilization of St. Luke's Hospital's Level II NICU program since opening in August 2000. The information below shows an increase in both the numbers of births and the Level II NICU days at the facility.

Utilization of Level II NICU Services at St. Luke's Hospital (N=10)

	2001 Births	NICU Days	%	2000 Births	NICU Days	%
January	160	136	43.87%	105	0	0
February	129	166	59.29%	128	0	0
March	135	207	66.77%	151	0	0
April	115	84	28.00%	129	0	0
May	132	79	25.48%	145	0	0
June	135	224	74.67%	133	0	0
July	114	158	50.97%	119	0	0
August	133	68	21.94%	148	112	36.13%
September	136	181	60.33%	127	160	53.33%
October	117	270	87.10%	153	221	71.29%
November	110	106	35.33%	137	108	36.00%
December	121	101	32.58%	144	116	37.42%
Total	1,537	1,780	48.77%	1,619	717	36.13%

Source: Health Planning Council of Northeast Florida

The information above is presented by the applicant in an attempt to show that utilization within the Level II NICU at the existing St. Luke's Hospital supports the continuation of the program. The reporting period recognized by the agency (July 2000-June 2001) shows an annual occupancy average of 50.67 percent for the St. Luke's 10 Level II beds.

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

St. Vincent's Medical Center is accredited by the Joint Commission on Accreditation of Health Care Organizations. Additionally, the licensure records maintained by the AHCA, Health Quality Assurance, Office of Licensure and Certification, demonstrate that the hospital has not had any EMTALA violations or other violations with respect to the treatment of patients and the operation of the hospital. The hospital also participates in both the Medicare and Medicaid programs.

According to the most recent EMTALA reports, dated April 19, 2002, St. Vincent's has had 36 allegations since 1997 with five confirmed violations including one for infection control, one medicinal error, two patient care violations and one physical plant violation. The other allegations were either not confirmed or not investigated.

The hospital's Performance Improvement Plan provides the overall guidance of the process and procedures that staff of St. Vincent's Medical Center follow. In regard to the Level II NICU services, the applicant states that St. Vincent's Medical Center's 10-bed unit, currently reviews each case with the committee on an ongoing basis. Therefore, no separate standards for case sampling and review are employed; rather, the assigned team reviews all cases and problems are immediately brought to the attention of the Pediatric Committee.

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

The proposed project does not involve special equipment or services that are not reasonably or economically accessible in adjacent districts.

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

St. Vincent's Medical Center is not a statutorily defined teaching hospital. However, both continuing education and medical education are offered at the hospital, along with in-service training, and community education.

Additionally, the applicant states that the staff of the hospital engages in clinical research that enhances the quality of services available to patients, and improves the treatment of diseases. The hospital is currently involved with 79 institutional review board studies.

- 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.**

The applicant, St. Vincent's Medical Center, is a non-profit health care provider that operates the medical center, a nursing home, several outpatient clinics, and a home health agency in Duval County, Florida and the surrounding counties in north Florida and south Georgia. The applicant is requesting to add a 10-bed Level II NICU in the acute care hospital, which they hope to establish in southeast Jacksonville, Florida. The initial cost of this project is expected to be \$110,865, with year two incremental operating costs of \$1,917,399.

CON Action Number: 9533

The audited financial statements for the nine months ending June 30, 2001 and the year ending September 30, 2000 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:

	<u>12/31/2001</u>	<u>12/31/2000</u>
Current Assets	\$ 66,048,895	\$ 74,088,147
Cash and Current Investment	\$ 4,313,454	\$ 15,623,223
Assets Restricted for Capital Projects	\$ undetermined	\$ undetermined
Total Assets	\$ 362,216,868	\$ 350,304,583
Current Liabilities	\$ 35,337,868	\$ 48,039,827
Total Liabilities	\$ 171,765,363	\$ 185,664,954
Total Equity	\$ 190,451,505	\$ 164,639,629
Net Operating Revenues	\$ 226,208,852	\$ 268,934,709
Interest Expense	\$ 5,603,383	\$ 8,295,385
Net Profit - Operations	\$ 17,599,033	\$ 505,134
Net Income	\$ 20,565,025	\$ 13,409,664
Cash Flow from Operations	\$ 13,431,251	\$ 50,277,530
Working Capital	\$ 30,711,027	\$ 26,048,320
Current Ratio (CA/CL)	1.9	1.5
Cash Flow to Current Liabilities (CFO/CL)	0.4	1.0
Long-Term Debt to Equity (TL-CL/TE)	0.7	0.8
Times Interest Earned (NPO+Int/Int)	4.1	1.1
Equity to Total Assets (TE/TA)	52.6%	47.0%
Operating Margin (NPO/NOR)	7.8%	0.2%
Total Margin (NI/NOR)	9.1%	5.0%
Return on Assets (NI/TA)	4.9%	3.8%
Operating Cash Flow to Assets (CFO/TA)	3.7%	14.4%

Short-term position:

The applicant's current ratio of 1.9 indicates current assets are almost two times that of short-term liabilities, a good position. The working capital (current assets less current liabilities) of \$31 million is significant. The ratio of cash flow to current liabilities of 0.4 is adequate. The applicant has a satisfactory short-term position.

Long-term position:

The long-term debt to equity of 0.7 is about average for Florida hospitals. The cash flow to assets of 3.7 percent is below the middle for Florida hospitals. The most recent period had an operating profit of \$18 million, which resulted in a margin of 7.8 percent, a good level. The total equity of \$190 million with the equity to assets of 52.6 percent is very strong. Although the indicators are somewhat mixed, the significant equity overshadows the others resulting in a good long-term position.

Capital requirements:

Schedule 2 indicates the applicant has \$292 million in capital projects. The audited financial statements disclose \$5.2 million scheduled repayments of long-term debt through the implementation period for this project. The total capital requirements are \$297 million.

Available capital:

The application indicates \$30 million will come from cash-in-hand, \$102 million from operations, with the balance coming from tax exempt debt. The audited financial statements show \$4.3 million in cash, \$13.4 million annual cash flows and \$30.7 million working capital. Support for Schedules 2 and 3 indicate the board-designated funds of \$148.6 million are available for capital needs. The notes to the audited financial statements did not specify any restrictions on the board-designated funds. Calculating four years cash flows and the current cash on hand would provide \$57.9 million. If we assume the board-designated funds are available, the total would be \$206.5 million. The parent, Ascension Health, provided a letter of support indicating it would assist with securing adequate financing for the purchase of St. Luke's Hospital.

Conclusion:

Generally it is felt that board-designated funds without specific restrictions would be subject to the sole discretion of the board of directors and could be used for capital funding. Based on the information provided there is a reasonable probability that these funds can be used to support the Schedule 2 projects. Funding should therefore be available for all projected capital needs.

f. What is the immediate and long-term financial feasibility of the proposal? ss. 408.035(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 2000; the applicant will be compared to the hospitals in group 4. Per diem rates are projected to increase by an average of 3.3 percent per year. Inflation adjustments were based on the most current Florida Hospital Input Price Index.

Schedules 7 and 8 were not provided for the total facility; however, a substitute profit and loss statement was given. Some of the detailed revenue and cost data was not available but gross revenues, net revenues, costs and net income were presented. 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.

The applicant is filing a companion application in this batch for the acute care hospital. Financial information was given both for the full application for 180 beds and the partial application for 145-beds. The financials for these two scenarios are identical except for the number of beds and the occupancy percentage.

Net revenue per adjusted patient day (NRAPD) of \$1,430 in year one and \$1,475 in year two is just above the control group median value of \$1,403 and \$1,445 for year one year two respectively. With net revenues falling close to the median, the facility is expected to consume health care resources in proportion to the services provided. (See Comparative Table).

Projected cost per adjusted patient day of \$1,444 in year one and \$1,460 in year two is between the group median and highest values of \$1,315 and \$1,606 in year one and \$1,355 and \$1,654 in year two. This application is considered cost efficient when compared to the control group. (See Comparative Table).

The year two operating profit for the hospital of \$1.1 million computes to an operating margin per adjusted patient day of \$15 which falls between the peer group lowest and median of \$-120 and \$38. The operating margin computes to one percent, which is a little low for Florida hospitals. The projected margins appear to be reasonable as compared to its peer group.

Hospital Comparative Table

CON # 9533					
St. Vincent's 180-beds 2000 DATA Peer Group 4	2007	YEAR 2	INFLATION ADJ. VALUES		
	YEAR 2	ACTIVITY	Highest	Median	Lowest
	ACTIVITY	PER DAY			
ROUTINE SERVICES	153,328,659	2,001	1,064	549	342
INPATIENT AMBULATORY	0	0	103	56	28
INPATIENT ANCILLARY SERVICES	0	0	4,088	2,130	1,435
OUTPATIENT SERVICES	102,931,374	1,343	2,326	1,643	918
OTHER OPERATING REVENUE	4,075,925	53	208	8	1
TOTAL REVENUE	260,335,958	3,398	7,048	4,038	2,865
DEDUCTIONS FROM REVENUE	147,352,549	1,923	*	*	*
NET REVENUES	112,983,409	1,475	1,712	1,445	1,165
EXPENSES					
ROUTINE	0	0	307	223	160
ANCILLARY	0	0	594	468	362
AMBULATORY	0				
OVERHEAD	0	0	823	620	414
OTHER	0	0			
TOTAL EXPENSES	111,856,929	1,460	1,654	1,355	1,036
OPERATING INCOME	1,126,480	15	261	38	-120
		1.0%			
PATIENT DAYS	45,127		NOT INFLATION ADJUSTED		
ADJUSTED PATIENT DAYS	76,621				
TOTAL BED DAYS AVAILABLE	65,700				
ADJ. FACTOR	0.5890				
TOTAL NUMBER OF BEDS	180				
PERCENT OCCUPANCY	68.7%		90.2%	49.4%	26.8%
PAYER TYPE					
	PATIENT DAYS	% TOTAL			
MEDICARE	19,496	43.2%	77.9%	50.3%	28.7%
COMMERCIAL	0	0.0%			
MEDICAID	3,518	7.8%	12.5%	4.7%	1.3%
PRIVATE	5,160	11.4%			
HMO/PPO	16,954	37.6%	53.7%	35.4%	10.1%
OTHER	0	0.0%			
TOTAL	45,128	100.0%			

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

The applicant projects managed care to represent 37.6 percent of its patient days. This is just over the control group median level of 35.4 percent. The applicant's level of managed care will have a positive impact on competition, to promote quality assurance and cost-effectiveness.

The proposed Level II NICU project was compared to all other hospitals in the state with approved Level II NICU programs. Schedule 7, total gross revenue for the Level II NICU only is projected to be \$4,666,404 for year two. With 2,364 patient days anticipated the gross revenue (gross charges) per patient day computes to \$1,974. This amount is between the median and highest of \$1,735 and \$3,562 respectively. The project should have a positive impact on competition to promote quality assurance and cost-effectiveness.

The financial ability and financial feasibility of the project appears relatively unchanged from the previously submitted and preliminarily approved project (CON #9481).

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.

This application is “related and contingent” upon CON #9536 being approved. The project is basically a re-submittal of the same project that was submitted in 2001 (CON #9481).

The 10 Level II NICU beds are at the current St. Luke’s Hospital, which is to be purchased by St. Vincent’s Hospital. The components of the 10 Level II NICU beds “exist presently and are in operation”. Therefore, there are no architectural issues with this CON, which essentially transfers the beds from one hospital to another. The large-scale plans show how the Level II NICU is arranged and it appears to meet the applicable code requirements as to clearances and hand washing facilities.

If this transfer agreement of St. Luke’s to St. Vincent’s is considered a change of ownership, there will be no requirement for a physical plant review by the Office of Plans and Construction. This same principal was applied to the related projects submitted in the last batch.

As far as costs are concerned, \$49,300 for “Other” under the heading building costs was listed and not specified as to what these funds are for. Another \$25,000 went for the health care consultant. Only \$30,000 is planned for equipment and start-up personnel costs.

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

The applicant provided the following table to show the hospital's historical provision of services to Medicaid and self-pay/charity care patients.

St. Vincent's Medical Center's Historical Provision of Services by Payer

Fiscal Year	Percent Medicaid Patient Days	Percent Self-Pay/Charity Patient Days
FYE September 30, 1998	3.3%	3.0%
FYE September 30, 1999	5.3%	4.2%
FYE September 30, 2000	6.1%	3.8%
FYE June 30, 2001 (Partial)	6.5%	4.3%

Source: Extracted from Table 12-1 in CON Application

As the information provided by the applicant in the table above shows, Medicaid days now account for over six percent of total patient days while charity/self-pay has approximated four percent of total patient days in recent fiscal years. However, according to the FY 2000 Hospital Financial Data Guide, St. Vincent's provided 5.0 percent of its total patient days to Medicaid and 1.5 percent to charity care.

With regard to the proposed project, the applicant is requesting that the project be conditioned for the provision by year two of 29.95 percent of total Level II NICU patient days to Medicaid and 1.94 percent for charity care.

The applicant appears to have a reasonable history of providing Medicaid and charity care services.

F. SUMMARY

St. Vincent's Medical Center, Inc. submits this application to continue operating an existing 10-bed Level II NICU proposed to be delicensed by St. Luke's Hospital Association in CON #9535 submitted in this batching cycle. The applicant, in another CON application submitted in this batching cycle (CON #9536), proposes to purchase the existing St. Luke's Hospital physical plant and operate it as a Class I general hospital. St. Luke's states in CON #9535 that it plans to terminate obstetric and NICU services if that CON is awarded. Therefore, the application is contingent on the delicensure of an equal number of Level II NICU beds by St. Luke's Hospital Association d/b/a St. Luke's Hospital.

The total project cost is estimated at \$110,865. There are no construction costs and the project will involve 912 gross square feet.

After weighing and balancing all relevant criteria, the following issues are presented:

Need/Special Circumstances:

- No new beds are requested. Rather, St. Vincent's Medical Center seeks to recapture the 10 Level II NICU beds that St. Luke's Hospital Association will delicense voluntarily in its application, CON #9535, for construction of a replacement hospital. This action to replace the existing St. Luke's Hospital will leave behind 65 acute care beds in addition to the 10 Level II NICU beds. Since St. Vincent's Medical Center seeks to maintain a hospital at the present Belfort Road Campus, this proposal recaptures the 10 Level II NICU beds so that the existing obstetrical program, which will be terminated if St. Luke's relocates, will remain intact.
- Need for the Level II NICU service and the 10-bed unit were demonstrated when the program was awarded to St. Luke's Hospital Association. St. Luke's Hospital initiated the service in August 2001, and has continued to provide services since that time.
- The applicant previously received approval for the Level II NICU services on December 14, 2001 via CON #9481. Need for 20 Level II NICU beds was not demonstrated. Therefore, because the previous application was approved, this application is denied.

Quality of Care:

- The applicant is JCAHO accredited with commendation and a quality care provider.

Medicaid/Indigent Care:

- At the second year of operation, St. Vincent's Medical Center commits to 1.9 percent of total Level II NICU patient days to charity care and 29.9 percent of total Level II NICU patient days to Medicaid recipients. On Schedule C, Certificate of Need Predicated On Conditions, St. Vincent's Medical Center has agreed to accept conditions that focus upon access to traditionally underserved persons-Medicaid recipients and charity care cases.

Financial:

- The project is economically feasible.

Architectural:

- The components of the 10 NICU beds “exist presently and are in operation”. Therefore, there are no architectural issues with this CON, which essentially transfers the beds from St. Luke’s to St. Vincent’s.

G. RECOMMENDATION

Deny CON #9533.

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