

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

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**HealthSouth of Treasure Coast, Inc./CON #9554**  
d/b/a HealthSouth Treasure Coast Rehabilitation Hospital  
HealthSouth Corporation  
One HealthSouth Parkway  
Birmingham, Alabama 35243

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

2. Service District/Subdistrict

District 9 (Indian River, Martin, Okeechobee, Palm Beach, St. Lucie)

**B. PUBLIC HEARING**

Although no public hearing was requested, the applicant did submit 48 letters of support from the previous cycle when it proposed to add 28 comprehensive medical rehabilitation beds (CMR) that were awarded to one of its competitors. Letters were included from Indian River Memorial Hospital, Sebastian River Medical Center, approximately 37 physicians of various specialties and other letters from agencies and interested members of the community. All of the letters are of general support, not offering any numeric data or unique circumstances supporting the project. In addition, the applicant included the results of a patient satisfaction survey covering five quarters (2Q00 - 2Q02) at the existing 90-bed facility where patients rated the category; "likelihood to recommend facility" at an average of 91 percent.

**C. PROJECT SUMMARY**

**HealthSouth of Treasure Coast, Inc. (CON #9554)** d/b/a HealthSouth Treasure Coast Rehabilitation Hospital is part of a proprietary hospital system and is a wholly owned subsidiary of HealthSouth Corporation. HealthSouth Treasure Coast Rehabilitation Hospital, a 90-bed Class III specialty rehabilitation hospital, is located in Vero Beach, District 9. The applicant currently provides adult inpatient comprehensive medical rehabilitation (CMR) services as well as outpatient CMR services. The applicant is proposing the addition of 13 CMR beds to its existing 90 CMR beds for a 103-bed facility.

As a condition of the approval, the applicant proposes 25 percent of the new (13) beds for use by pediatric patients (three beds). The remaining 10 beds will be available in its other programs, including brain injury and spinal cord, ortho, neuro and Parkinson's disease. In addition, the applicant agrees to be conditioned for "3 percent Medicaid/charity combined". Applicants typically agree to condition award of the CON upon providing a percentage of the patient days in a facility or in new beds to a particular population group. Year one pro formas show four percent of the patient days in the 103 beds are expected to serve Medicaid patients.

There is an existing condition at the facility pursuant to the approval of CON #7871 that stipulates: a minimum of 3.78 percent of the 90-bed facility's total annual patient days be provided to Medicaid and charity patients. It is therefore assumed that the applicant intends to condition award of the CON a percentage of patient days in the additional 13 proposed beds. A blending of these conditions would result in a new commitment of 3.68, or 3.7 percent of total annual patient days of care for 103 beds, be provided to Medicaid and charity patients.

The total project cost is estimated at \$1,470,264. Renovation/construction costs are projected to be \$742,500 to renovate 4,015 GSF of existing space. No new space is indicated for the project.

**D. REVIEW PROCEDURE**

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

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

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

As part of the fact-finding, the consultant, Ed Carter, analyzed the application with consultation from the financial analyst, John Williamson, who reviewed the financial data and architect Joel Hill, who evaluated the architectural and the schematic drawings.

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

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

**1. Fixed Need Pool**

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

In Volume 28, Number 4, dated January 25, 2002 on page 375 of the Florida Administrative Weekly, a fixed need pool of zero beds was published for comprehensive medical rehabilitation beds in District 9 for the July 2007 planning horizon.

District 9 has 256 licensed and 28 CON approved comprehensive medical rehabilitation beds. The comprehensive medical rehabilitation beds in District 9 are reported in the January 25, 2002 edition of the Agency's publication *Florida Hospital Bed and Service Utilization by District, Volume II*, as having an occupancy rate of 82.70 percent during the period July 2000 through June 2001. Subsequent to the publication of the Agency's utilization report, the applicant discovered a reporting omission error in its patient day data and notified the Treasure Coast Health Council on or about February 8, 2002. The initial application for this project was received by the Agency on March 13, 2002. The local health council notified the Agency of this omission error on or about February 25, 2002, which was too late to incorporate the change in the published report or to be used in the calculation of need for CMR beds. However the applicant is seeking beds on the basis of the special circumstances provision of the Comprehensive Medical Rehabilitation Inpatient Services Rule (59C-1.039, Florida Administrative Code), therefore the corrected data is applicable and will be adjusted in the next updated utilization data report by the Agency. The following table reflects the revised data and is therefore not consistent with the Agency's published utilization data on page 72 of the *Florida Hospital Bed and Service Utilization by District, Volume II*.

**CMR Occupancy Rates  
District 9**

<b>Facility</b>	<b>County</b>	<b>Licensed Beds</b>	<b>Occupancy % (07/00-06/01)</b>
HealthSouth Treasure Coast Rehab Hosp.	Indian River	90	86.21%
Lawnwood Regional Medical Center	St. Lucie	26	83.47%
St. Mary's Hospital	Palm Beach	50	51.76%
Pinecrest Rehabilitation Hospital	Palm Beach	90	97.46%
Total/Average		256	83.16%

Source: Florida Hospital Bed and Service Utilization by District - January 2002 & CON Application #9554

The applicant proposes to add 13 CMR beds to an existing 90-bed Specialty CMR Hospital. Currently there is an approved CON (#9507) for 28 new CMR beds at Bethesda Memorial Hospital.

**b. Need Formula for Comprehensive Medical Rehabilitation Inpatient Beds.**

**Most Recent Average Annual District Occupancy Rate. Regardless of whether bed need is shown under the need formula in paragraph (5)(c), no additional comprehensive medical rehabilitation inpatient beds shall normally be approved for a district unless the average annual occupancy rate of the licensed comprehensive medical rehabilitation inpatient beds in the district was at least 80 percent for the 12-month period ending six months prior to the beginning of the quarter of the publication of the fixed bed need pool.**

The average annual occupancy rate of all the licensed CMR beds in District 9 for the reporting period July 2000 - June 2001 was 83.16 percent.

**c. Special Circumstances for Approval of Expanded Capacity at Hospitals with Licensed Comprehensive Medical Rehabilitation Inpatient Services.**

- 1. Subject to the provision of paragraph (7)(b) of this rule and subparagraph 2. of this paragraph, need for additional comprehensive medical rehabilitation inpatient services in the absence of need shown under the formula in paragraph (5)(c), and regardless of the most recent average annual district occupancy rate determined under paragraph (5)(d), if the occupancy rate of the hospital's licensed comprehensive medical rehabilitation inpatient beds was at least 90 percent for at least two consecutive calendar quarters during the 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed need pool; and at least one of the following conditions is also met:**

The 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed need pool for this batching cycle was July 1, 2000 through June 30, 2001. The applicant states that its occupancy, as revised, exceeded 90 percent occupancy for the first two quarters of 2001, which is within the time frame required in Rule. As mentioned above, the applicant provided revised utilization data to the local health council.

**Revised Patient Days (PD) and Occupancy  
First two quarters of 2001  
January - March 2001 (Q1) and April - June 2001 (Q2)**

<b>Q1 Published Data</b>		<b>Q1 Revised Data</b>		<b>Q2 Published Data</b>	
<i>PDs</i>	<i>Utilization</i>	<i>PDs</i>	<i>Utilization</i>	<i>PDs</i>	<i>Utilization</i>
7,063	87.20%	<b>7,459</b>	<b>91.2%</b>	7,415	90.54%

Source: *Florida Hospital Bed & Service Utilization by District Vol. II* and Local Health County corrected data

- a. **The applicant submits evidence that it has a specialty inpatient rehabilitation service that is not available elsewhere in the district, and the applicant's high occupancy occurred in the specialty rehabilitation services beds; or,**

The applicant is JCAHO and CARF accredited. A letter dated June 23, 1999 is included in the application from "CARF... The Rehabilitation Accreditation Commission", granting three-year accreditation through April 2002 in the following medical rehabilitation programs: Comprehensive Integrated Inpatient Rehabilitation Programs Hospital (Adult); Brain Injury Programs Comprehensive Inpatient Category One Hospital (Adult); Outpatient Medical Rehabilitation Programs (Adult)

The applicant did not demonstrate that its CARF accredited services are not available elsewhere in the district. In fact Pinecrest Rehabilitation Hospital in the southern portion of Palm Beach County is CARF accredited for all of the same services as the applicant. Pinecrest is also CARF accredited for spinal cord system of care and inpatient and outpatient chronic pain management programs. Pinecrest is designated by the state as a brain and spinal cord injury provider and the applicant is not so designated. It should be noted however, that these two facilities are located at opposite ends on the district separated by 99.7 miles and two hours and six minutes driving time, according to Yahoo! Maps. It is also interesting to note that Pinecrest is operating its 90 CMR beds at 97.46 percent occupancy and has not applied for additional beds in recent years.

- b. The applicant is a disproportionate share hospital as determined consistent with the provisions of Section 409.911, Florida Statutes, and the applicant submits evidence that it has been providing both Medicaid and charity care days in its comprehensive medical rehabilitation inpatient beds.**

The applicant is not a disproportionate share provider as determined by the provision of Section 409.911, Florida Statutes, nor can it be, based on its specialty designation. The applicant states however, that it participates in indigent care through the indigent care assessment and provides a portion of patient days to charity/indigent and Medicaid patients. Refer to E. 4. i. for a review of the applicant's history of care to the medically indigent.

- 2. The maximum number of additional comprehensive medical rehabilitation inpatient beds, which may be approved at an applicant's facility under the provisions of subparagraph 1. shall not normally exceed the number determined in accordance with the following formula:**

$$\text{ADD} = ((\text{HPD}/\text{PD}) \times \text{PPD} / (365 \times .85)) - \text{HLB} - \text{HLB}$$

The applicant reports two consecutive 90 percent quarters during the twelve months ending June 30, 2001 and therefore contends consideration of the formula should be accepted. Using revised utilization data provided by the applicant for the first two quarters of 2001, results in a maximum number of additional CMR inpatient beds, by application of the ADD formula, of 13 beds.

**2. Local Health Plan Preferences**

**Is need for the project proposed supported by the applicable district plan? ss. 408.035(1)(a), Florida Statutes and Ch. 59C-1.039, Florida Administrative Code.**

The District 9 October 2000 CON Allocation Factors Report provides the following preferences in the review of applications pertaining to comprehensive medical rehabilitation beds. Even though the local health plan identifies two planning areas within District 9 for comprehensive inpatient medical rehabilitation services, Section 408.032(17), Florida

Statutes, defines comprehensive medical rehabilitation as a tertiary health care service and Rule 59C-1.039, Florida Administrative code, defines the planning area for the tertiary service as the district.

- a. Priority shall be given to applicants who provide evidence that their proposal is consistent with the needs of the community and other criteria contained in the Local Health Council District Plan.**

The applicant contends that it meets the intent of this preference and that its existing 90-bed CMR hospital is consistent with the local health plan. The applicant, as an existing CMR provider, offers a wide range of comprehensive inpatient rehabilitative services to patients. The facility is not, however, a designated care facility for brain and spinal cord injury, recognized by the Florida Department of Health. The applicant states that for the last three years, it has garnered a very favorable reputation and steadily increasing referral base. The increasing referrals are based on reputation, program development, outreach programs and an increase in the elderly population. The applicant has experienced a steady increase in admissions and patient days, resulting in census exceeding 90 percent in some quarters. Its occupancy and programs have steadily increased during the past three years and overall occupancy for the 12-month reporting period, July 2000 – June 2001 was 86.21 percent.

- b. Priority shall be given to applicants who can show a commitment to, or an historical record of, service to Medicaid/indigent, handicapped and underserved population groups.**

The applicant demonstrates a history of services to Medicaid/indigent patients as shown in the following table.

Year	Medicaid Days	Medicaid Revenues	Charity Days	Charity Revenues
CY 1999	315	\$ 585,583	802	\$1,036,253
CY 2000	331	\$ 943,740	748	\$ 906,016
CY 2001	257	\$ 760,555	243	\$ 318,296
Three Year Total	903	\$2,289,878	1,793	\$2,260,565

Source: Application #9554

Comparing Medicaid and charity days from the above table with annual utilization from Schedule 4 reveals the percent of Medicaid and charity care provided compared to total patient days of care to patients.

Year	Total Patient Days	Medicaid Days	Percent Medicaid	Charity Days	Percent Charity
CY 1999	26,120	315	1.21%	802	3.07%
CY 2000	28,479	331	1.16%	748	2.63%
CY 2001	29,258	257	0.88%	243	0.83%
Three Yr Avg	27,952	301	1.08%	598	2.14%

The applicant explains that there have been a somewhat limited number of charity eligible patients residing in and around Indian River County. This smaller than average population is a result of the area's comparative lack of traditional industries, the substantial intrusion of automation in the area's primary agricultural crop (citrus) and the historically high population growth rates, primarily driven by out-of-state retirees. This is supported by per capita income, which is reportedly one-third greater than the State of Florida average, according to the applicant. To ensure the continued provision of care to underserved/under privileged persons, the applicant is conditioning the approval of its application to a combined three percent of patient days to Medicaid and charity care patients. A blending of this proposed condition with the existing condition on the hospital's 90 beds results in a commitment of 3.68 or 3.7 percent of the total patient days in the 103-bed hospital to the medically indigent.

**3. Agency Rule Criteria**

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

**(3) General Provisions:**

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

The applicant is designated as a specialty hospital.

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

The applicant is an existing 90-bed CMR hospital designated as a Class IV Specialty Hospital governed under Chapter 395, Florida Statutes. The applicant seeks to expand the facility by 13 comprehensive medical rehabilitation beds with 25 percent of the new beds (three beds) dedicated to a pediatric program.

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

The applicant is currently licensed for 90 CMR beds.

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

See response to E.1.a. above and E.4.a. below.

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

The applicant is a participating provider in the Medicare and Medicaid programs and intends to maintain this status for the proposed 13 new CMR beds.

**(4) Required Staffing and Services.**

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

The hospital's medical director is Eric Chandler Kurtz, M.D., a board-certified psychiatrist and also a Fellow in the American Academy of Disability Evaluating Physicians. His resume was provided.

**(b) Other Required Services. In addition to the physician services, CMR inpatient services shall include at least the following services provided by qualified personnel:**

- 1. Rehabilitation nursing**
- 2. Physical therapy**
- 3. Occupational therapy**
- 4. Speech therapy**
- 5. Social services**
- 6. Psychological services**
- 7. Orthotic and prosthetic services**

The applicant is an existing provider of CMR services and provides a range of services that exceed the minimum requirements and intends to increase staffing to continue this level of care in the proposed new beds.

**(c) Other Factors to be Considered in the Review of Certificate of Need Applications for Comprehensive Medical Rehabilitation Inpatient Services.**

- 1. Applicants shall provide evidence in their applications that their proposal is consistent with the needs of the community and other criteria contained in:**

**Local Health Council District Health Plans, including the Certificate of Need Allocation Factors Reports; and**

Please see above, response 2. Local Health Plan Preferences.

- 2. Applications from general hospitals for new or expanded comprehensive medical rehabilitation inpatient beds shall not normally be approved unless the applicant converts a number of acute care beds.**

As an existing Class IV Specialty CMR Hospital, the applicant is responding to its own facility-specific not normal circumstances for additional CMR beds. Expansion cannot be accomplished through the conversion of beds, as the applicant does not operate any general acute care beds.

**(d) Priority Considerations for Comprehensive Medical Rehabilitation Inpatient Services Applicants. In weighing and balancing statutory and rule review criteria, the agency will give priority consideration to:**

- 1. An applicant that is a disproportionate share hospital as determined consistent with the provisions of Section 409.911, Florida Statutes.**

As previously discussed, the applicant is not a disproportionate share provider and as a specialty hospital is not eligible for disproportionate share status.

- 2. An applicant proposing to serve Medicaid-eligible persons.**

The applicant commits to a condition of three percent Medicaid/charity care patients in its proposed 13-bed addition. The applicant further states that the addition of the pediatric component of rehab services will be positively disproportionate to Medicaid recipients.

- 3. An applicant that is a designated trauma center, as defined in Section 10D-66.108, Florida Administrative Code.**

The applicant is not a designated trauma center, however the hospital indicates that it provides innovative programs for trauma victims in their post-acute hospital stay. Specific examples of these innovative programs were not presented in response to this element of the Rule. The applicant did state that approval of the proposed project would provide for the expansion of specialized programs and services, including pediatric services and Neurological and Parkinson's Disease.

St. Mary's Medical Center is the only State EMS designated Trauma Center recognized among the CMR providers in District 9.

- (5) Access Standard. Comprehensive medical rehabilitation inpatient services should be available within a maximum ground travel time of two hours under average travel conditions for at least 90 percent of the district's total population.**

Inpatient CMR services in the district are available within a two-hour drive time for at least 90 percent of the district's total population.

(6) **Quality of Care:**

**Compliance with Agency Standards.** CMR inpatient services shall comply with the agency standards for program licensure described in section 59A-3, Florida Administrative Code. Applicants who submit an application that is consistent with the agency licensure standards are deemed to be in compliance with this provision.

The applicant states that it is in compliance with agency standards for program licensure and is JCAHO and CARF accredited.

(7) **Service Description.** An applicant for CMR inpatient services shall provide a detailed program description in its certificate of need application including:

(a) **Age groups to be served.**

An analysis of the age groups served by the applicant indicates in excess of 85 percent of patients are 65 years of age and older. However, with the addition of the 13 beds, one-fourth of which will be pediatric, the Medicare percent is expected to decrease by approximately three percent, with a corresponding increase to the Medicaid volume.

(b) **Specialty inpatient rehabilitation services to be provided.**

The applicant states that it is devoted exclusively to providing CMR services and offers the broadest range of specialty rehabilitation services in the district. It intends to condition approval of the application on a three-bed pediatric program or 25 percent of the proposed 13 new beds for children/adolescents. Programs and services currently provided by the applicant include: brain injury program; spinal cord injury rehabilitation program; pulmonary rehabilitation program; lymphedema management program; cardiac rehabilitation program; cardiac telemetry services; neurological rehabilitation program; aquatic therapy program; arthritis program; wound care program; laminectomy program; orthopedic rehabilitation program; stroke rehabilitation program; day hospital program; hand rehabilitation program; balance and vestibular program; chronic pain management program; and the pediatric rehabilitation program.

- (c) **Proposed staffing, including qualifications of the medical director, a description of staffing appropriate for any specialty program, and a discussion of the training and experience requirements for all staff who will provide CMR inpatient services.**

The hospital's medical director is Eric Chandler Kurtz, M.D., a board-certified psychiatrist and also a Fellow in the American Academy of Disability Evaluating Physicians. His resume is provided in the application (Volume 4., tab 19). The applicant provided the names and a brief profile of key administrative and programmatic personnel. Resumes of professional staff are provided in Volume 4., tab 28, of the application. The applicant reports that the hospital is currently fully staffed with trained, qualified professionals. Schedule 6 of the application lists 257.1 FTEs for the 90 licensed beds and 37.4 FTEs for the proposed 13-bed addition. The staffing ratio for the new beds is similar to the existing ratio if not slightly higher.

- (d) **A plan for recruiting staff, showing sources of staff.**

In addition to its existing recruitment and retention plan, which include such activities as employment open house, local job fairs, referral bonuses and advertising in local newspapers, the applicant is acutely aware of the need to put forth special efforts to attract staff required for the various rehabilitation programs and has initiated a number of innovative approaches which are listed on page 50 of the application (Volume 1).

HealthSouth Corporation, the parent, has national affiliation agreements with more than 750 universities and colleges that include health professional education programs involving medical schools, schools of nursing, local vocational/technical schools and graduate programs for psychologists, physical therapy, occupational therapy, speech therapy and therapeutic recreation, all available to the applicant's facility. The applicant provided a list of some of the educational affiliations on pages 50 and 51 of the application (Volume 1).

**(e) Expected sources of patient referrals.**

More than 70 percent of HealthSouth Treasure Coast patients are referred from Indian River Memorial and Sebastian Hospital, both of which provided letters of support indicating the need for the proposed expansion. The remaining 30 percent are referred from physicians and hospitals throughout the area as well as from the applicant's own outpatient facilities.

**(f) Projected number of CMR inpatient services patient days by payer type, including Medicare, Medicaid, private insurance, self-pay and charity care patient days for the first two years of operation after completion of the proposed project.**

Based on projected patient days the applicant anticipates a patient mix with 61 percent Medicare, 30 percent Medicaid, three percent workers compensation and six percent insurance/PPO. The applicant explains the significant increase in Medicaid as a result of the proposed three-bed pediatric program.

**(g) Admission policies of the facility with regard to charity care patients.**

The applicant intends to condition the project on the provision of services to three percent combined Medicaid/charity care patients. The applicant states that it does not discriminate against any person and treats all patients regardless of their ability to pay should they meet clinical admission requirements. A definition of clinical admission requirements was not provided.

**(8) Applications from Licensed Providers of Comprehensive Medical Rehabilitation Inpatients Services. A facility providing licensed CMR inpatient services seeking CON approval for additional CMR beds shall provide the following information in its CON application in addition to the information required by subsection (8):**

**(a) Number of CMR inpatient service admissions and patient days for the 12-month period ending 6 months prior to the beginning date of the quarter of the publication of the fixed bed need pool.**

The applicant experienced 1,618 admissions and 28,320 patient days during the target time period July 1, 2000 - June 30, 2001, with an average length of stay of approximately 18 days. In

addition, 21 patients per month were denied or delayed admission due to lack of bed availability.

**CMR Patient Days  
July 1, 2000 - June 30, 2001**

Period	Occupancy	Patient Days
Third Quarter 2000	78.2%	6,479
Fourth Quarter 2000	83.8%	6,936
First Quarter 2001	92.1%	7,459
Second Quarter 2001	90.9%	7,446

Source: AHCA Utilization Data including revised First Quarter 2001 Data

- (b) Number of comprehensive medical rehabilitation inpatient services patients days by payer type, including Medicare, Medicaid, private insurance, self-pay and charity care patient days, for the 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool.**

**CMR Patient Days by Payor  
July 1, 2000 - June 30, 2001**

Payor	Admissions	Patient Days
Medicare	1,428	24,950
Medicaid	17	359
Insurance/HMO/PPO	125	2,106
Charity	16	446
Other	32	449
Total	1,618	28,320

Source: Hospital historical information

- (c) Gross revenue by payor source for the 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool.**

**CMR Gross Revenue by Payor  
July 1, 2000 - June 30, 2001**

Payor	Gross Revenue
Medicare	\$36,529,919
Medicaid	981,146
Insurance/HMO/PPO	6,768,507
Charity	881,351
Other	583,700
Total	\$45,744,623

Source: Hospital historical information

- (d) Current Staffing.**

Schedule 6 indicates the current staffing at 257.1 FTEs for the 90-bed facility, which provides a ratio of 2.86 FTEs per bed. The proposed staffing for the 13 additional beds maintains this same ratio. Upon completion the applicant projects a total of 294.5 (2.86 FTEs per bed) FTEs.

**(e) Current specialty inpatient CMR services.**

Programs and services currently provided by the applicant include: brain injury program; spinal cord injury rehabilitation program; pulmonary rehabilitation program; lymphedema management program; cardiac rehabilitation program; cardiac telemetry services; neurological rehabilitation program; aquatic therapy program; arthritis program; wound care program; laminectomy program; orthopedic rehabilitation program; stroke rehabilitation program; day hospital program; hand rehabilitation program; balance and vestibular program; chronic pain management program; and the pediatric rehabilitation program.

The facility is currently CARF accredited for the following programs: comprehensive integrated inpatient rehabilitation programs, hospital (adult); brain injury programs, comprehensive inpatient category one, hospital (adult); and outpatient medical rehabilitation programs, (adult).

**(9) Utilization Reports. Facilities providing licensed CMR inpatient services shall provide utilization reports to the agency or its designee.**

The applicant currently participates in the data collection activities of AHCA and the local health council and also participates in the data collection activities in accordance with Chapter 408 of the Florida Statutes. The applicant commits to provide sufficient data to demonstrate compliance to the program condition associated with the proposed 13-bed addition.

**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.**

District 9 has 256 licensed and 28 CON approved comprehensive medical rehabilitation beds. The applicant proposes to add 13 CMR beds to an existing 90-bed Specialty CMR Hospital. Three of the proposed new beds will be dedicated to pediatric/adolescent patients. The 28 CON approved beds (#9507) were granted to Bethesda Memorial Hospital.

**CMR Occupancy Rates  
District 9**

<b>Facility</b>	<b>County</b>	<b>Licensed Beds</b>	<b>Occupancy % (07/00-06/01)</b>
HealthSouth Treasure Coast Rehab Hospital	Indian River	90	86.21%*
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St. Mary's Hospital	Palm Beach	50	51.76%
Pinecrest Rehabilitation Hospital	Palm Beach	90	97.46%
Total/Average		256	83.16%

Source: Florida Hospital Bed and Service Utilization by District - January 2002 & CON Application #9554

\*Reflects First Quarter of 2001 data revised by the applicant

The proposed 13-bed addition is outside the fixed need pool and in response to excess occupancy caused by the "not normal" circumstances occurring in the hospital's service area. The applicant demonstrated occupancy greater than 90 percent for two consecutive quarters during the appropriate 12-month target period to qualify for additional beds outside the fixed need pool. As the CMR rule stipulates, once the occupancy standard is met the ADD formula is applied to determine the appropriate number of beds, which may be approved at the applicant's facility. Calculation of the formula:

$$ADD = ((HPD/PD) \times PPD / (365 \times .85)) - HLB - HAB$$

is demonstrated on page 9 of the application with the result of a need for 13 new CMR beds at HealthSouth Treasure Coast Rehabilitation Hospital. For the first two years of operations following completion of the project, the applicant expects the 13 beds to average utilization in the first year of 71.0 percent and the second year, 77.4 percent. During this same time, the overall utilization of the 103 (90 + 13 = 103) beds is projected to average 88.3 percent in year one and 92.4 percent in year two.

The applicant conducted a thorough analysis of pediatric patient discharges in calendar year 2000 to identify how many pediatric patients based on historic actual data could be appropriate for CMR services. The analysis looked at county of residence for persons 0 to 17, rather than hospital discharge. This is due to the fact that if a child is injured out of the area, or transported to a trauma center in Orlando from the north district counties, the child could still return home to an appropriate pediatric program. The analysis identified 172 patients in the north district and 619 patients overall with appropriate diagnoses of which 49 and 178, respectively, could have been rehabilitation patients. Given the varying lengths of stay by diagnoses, these patients would generate 935 and 3,477 patient days. This translates to an average daily census of three and 10 patients, indicating a requirement for three beds in the

immediate area and 11 beds overall at an average occupancy of 85 percent, for the district population.

The applicant has the second highest occupancy of all CMR providers in the district. The only other hospital in the district with the extent of programming comparable to HealthSouth Treasure Coast is Pinecrest Rehab Hospital with 12-month utilization of 97.46 percent for its 90 licensed CMR beds. It is of interest to note that Pinecrest did not seek additional CMR beds in the recent batching cycle.

There are two other provisions of the special circumstance, only one of which must be met by the applicant to qualify for the special circumstance. The first provision requires the applicant to submit evidence that it has a specialty inpatient rehabilitation service that is not available elsewhere in the district, and the applicant's high occupancy occurred in the specialty rehabilitation service beds. Even though the applicant has three CARF accredited specialty programs at the facility, it did not demonstrate that such programs are not available elsewhere in the district. The other CARF accredited programs are located at Pinecrest Rehabilitation Hospital in the opposite end of the district, 99.7 miles from the applicant's facility and approximate two hours and six minutes driving time. The second provision to qualify for special circumstances requires that the applicant's facility be a Medicaid disproportionate share hospital. HealthSouth Treasure Coast is not a Medicaid disproportionate share hospital and because of its status as a specialty hospital does not qualify for this category.

The applicant states that through the addition of 13 CMR beds it will be able to establish a pediatric program, and enhance its other programs including its brain and spinal cord program, neurological and Parkinson's disease programs, among others. By providing this bed addition for these and other patients, and addressing the excess occupancy issue, the Hospital will become available to other residents of its service area with greater capacity to meet their needs, reduce the number of patients on its waiting lists and continue to provide a wide range of programs and services in the continuum of rehabilitation medicine.

The issue of quality of care will be discussed in more detail in the following section, 4.b. The applicant's comment regarding efficiency is that it can provide a high quality service at a reasonable price and in a cost-efficient/effective manner.

The applicant addresses accessibility by stating that it provides care to any patient referred from anywhere within District 9 and that it is committed to providing services to Medicare, Medicaid, charity care, private pay and/or insurance/HMO patients. It further states that there are no barriers to service except its current excess occupancy and wait lists. The applicant concludes there are no geographic, hours of service or financial barriers to the provision of service, with the only limitation being its lack of capacity, which can be ameliorated through the addition of 13 CMR beds. The applicant believes it is uniquely qualified to add these beds in a cost-effective and efficient manner given the fact the hospital exists and this is solely a renovation project.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality care? Please discuss your licensure history within and outside of Florida, and discuss any accreditation(s) held. ss. 408.035(3), 408.035(12), Florida Statutes.**

HealthSouth of Treasure Coast, Inc. operates a 90-bed Class III specialty rehabilitation hospital in Vero Beach, District 9. In addition to other rehabilitative services, the hospital is designated by CARF to serve adult patients with brain injuries. The applicant provided copies of accreditation letters that show accreditation by the Joint Commission on Accreditation of Health Care Organizations (JCAHO) and by the Commission on the Accreditation of Rehabilitation Facilities (CARF).

According to the applicant it has invested in quality measurement systems to carefully monitor processes and outcomes, which allow the facility to maintain the highest possible levels of quality.

Since December 1999 there have been five complaints filed with the Agency regarding the applicant's facility. All of the complaints have been closed and two were confirmed. One of the confirmed cases involved a medication error and the other was related to a fall/injury to a patient.

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

The proposed projects do not involve special health care services that are not reasonably or economically accessible in adjacent districts.

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

HealthSouth of Treasure Coast Rehabilitation Hospital is not a statutory teaching hospital nor is the proposed project's primary purpose research or physician education. However, as a wholly owned subsidiary of HealthSouth Corporation, the applicant has access to one of the largest clinical training and development resources in the nation with more than 750 colleges and universities that conduct on-site clinical training at HealthSouth facilities.

- 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.**

This review is for HealthSouth of Treasure Coast, Inc., applying to expand an existing 90-bed rehabilitation hospital by up to 13 inpatient comprehensive medical rehabilitation beds in District 9, Indian River County, Florida. The financial impact of the project will include the project cost of \$1,470,264 and incremental operating costs of \$2,455,184.

The audited financial statements for the periods ending December 31, 2000 and 1999 were analyzed for the purpose of evaluating the applicant's ability to provide the capital and operational funding necessary to implement the project. The following is a list of accounts and ratios used in the analysis:

**CON Action Number: 9554**

	<u>12/31/2000</u>	<u>12/31/1999</u>
Current Assets	\$ 6,546,324	\$ 6,050,684
Cash and Current Investment	\$ 1,291,557	\$ 576,165
Assets Restricted for Capital Projects	\$ 0	\$ 0
Total Assets	\$ 32,823,208	\$ 33,464,053
Current Liabilities	\$ 1,146,865	\$ 2,082,161
Total Liabilities	\$ 18,946,865	\$ 19,882,161
Total Equity	\$ 13,876,343	\$ 13,581,892
Net Operating Revenues	\$ 21,612,314	\$ 20,028,904
Interest Expense	\$ 1,254,151	\$ 1,030,088
Net Profit – Operations	\$ 486,352	\$ 269,572
Net Income	\$ 294,451	\$ (891,310)
Cash Flow from Operations	\$ 914,334	\$ (2,433,390)
Working Capital	\$ 5,399,459	\$ 3,968,523
Current Ratio (CA/CL)	5.7	2.9
Cash Flow to Current Liabilities (CFO/CL)	0.8	-1.2
Long-Term Debt to Equity (TL-CL/TE)	1.3	1.3
Times Interest Earned (NPO+Int/Int)	1.4	1.3
Equity to Total Assets (TE/TA)	42.3%	40.6%
Operating Margin (NPO/NOR)	2.3%	1.3%
Total Margin (NI/NOR)	1.4%	-4.5%
Return on Assets (NI/TA)	1.5%	0.8%
Operating Cash Flow to Assets (CFO/TA)	2.8%	-7.3%

**Short-term position:**

HealthSouth of Treasure Coast's current ratio of 5.7 indicates current assets are nearly six times that of short-term liabilities, a strong position. The working capital (current assets less current liabilities) of \$5.4 million is good in relation to the entity's size. The ratio of cash flow to current liabilities of 0.8 is above the average for Florida hospitals. The applicant has a good short-term position.

**Long-term position:**

The ratio of long-term debt to equity of 1.3 is above the average, while the ratio of cash flows to assets of 2.8 percent is weak compared to other Florida hospitals. The most recent year had an operating profit of \$294.5 thousand, resulting in an operating margin of 1.4 percent, a below average position. Total equity is \$13.9 million with the ratio of equity to assets 42.3 percent, near the average, and a good position. This entity is considered to have a weak long-term position.

**Capital requirements:**

Schedule 2 indicates capital projects of \$4.5 million. This did not include future minimum payments under non-cancelable operating leases of \$2.8 million through year one of the project, which would increase the funded need to \$7.4 million.

**Available capital:**

Funding for these projects will come from \$750 thousand cash provided by operating cash flows and \$3.48 million from funds assured but not in hand. The audited balance sheet shows \$1.3 million cash-on-hand, and \$914 thousand in annual cash flows.

HealthSouth of Treasure Coast, Inc. is a wholly owned subsidiary of HealthSouth Corporation, which provided a commitment letter for funding the project. The letter stated HealthSouth Corporation has \$1 billion available under a line of credit. HealthSouth Corporation's 10K report disclosed \$180.43 million in cash and \$7.4 billion in assets as of December 31, 2000, and net income for that year of \$278.5 million.

**Conclusion:**

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

**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 peer group 18. 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.

Projected net revenue per adjusted patient day (NRAPD) of \$817 in year one and year two is between the control group median and highest values of \$677 and \$1,132 in year one and \$698 and \$1,166 in year two. The highest level is generally viewed as the practical upper limit on economies of operation. With net revenues falling between the median and highest level, the facility is expected to consume health care resources in proportion to the services provided. (See Comparative Table). The 2000 actual NRAPD for this hospital was \$562, at the group median value of \$562 in that year.

Projected cost per adjusted patient day of \$608 in year one and \$603 in year two is between the group lowest and median values of \$461 and \$703 in year one and \$475 and \$724 in year two. (See Comparative Table). Compared to the control group these costs are efficient. The 2000 actual data reported for HealthSouth of Treasure Coast Rehabilitation Hospital's costs per adjusted patient day was \$655, between the group median and highest value of \$605 and \$719. While this project will likely realize some economies of scale, based on actual costs reported, estimated costs may be understated.

The year two operating profit for the hospital of \$9.1 million computes to an operating margin per adjusted patient day of \$215 which is above the control highest value of \$122. The computed operating margin ratio is 26.3 percent. The total (after tax) operating margin from Schedule 8 was 15 percent in year one and 16 percent in year two - far removed from the actual 1.8 percent total margin reported in 2000. The projected margin is likely highly overstated.

The estimated outcomes for the project differ so greatly from the actual performance of this hospital in prior years, it casts significant doubt on the ability to use the data submitted to predict the financial feasibility of this project.

**Comparative Table**

CON # 9554 HEALTHSOUTH of Treasure Coast 2000 DATA Peer Group 18	2004 YEAR 2 ACTIVITY	YEAR 2 ACTIVITY PER DAY	VALUES ADJUSTED FOR INFLATION		
			Highest	Median	Lowest
ROUTINE SERVICES	15,810,575	375	908	453	265
INPATIENT AMBULATORY	0	0	7	0	0
INPATIENT ANCILLARY SERVICES	29,966,050	711	1,727	814	525
OUTPATIENT SERVICES	9,648,199	229	597	180	18
OTHER OPERATING REVENUE	124,230	3	39	4	0
TOTAL REVENUE	55,549,054	1,317	3,233	1,463	1,059
DEDUCTIONS FROM REVENUE	21,079,448	500	*	*	*
NET REVENUES	34,469,606	817	1,166	698	466
EXPENSES					
ROUTINE	4,967,582	118	293	123	74
ANCILLARY	6,792,425	161	302	177	105
AMBULATORY	0				
OVERHEAD	10,849,179	257	497	421	296
OTHER	2,807,719	67			
TOTAL EXPENSES	25,416,905	603	1,032	724	475
OPERATING INCOME	9,052,701	215	122	-16	-114
		26.3%			
PATIENT DAYS	34,749		VALUES NOT ADJUSTED FOR INFLATION		
ADJUSTED PATIENT DAYS	42,167				
TOTAL BED DAYS AVAILABLE	37,595				
ADJ. FACTOR	0.8241				
TOTAL NUMBER OF BEDS	103				
PERCENT OCCUPANCY	92.4%		99.4%	87.8%	30.3%
PATIENT					
PAYER TYPE	DAYS	% TOTAL			
MEDICARE	29,337	84.4%	86.7%	77.8%	42.7%
COMMERCIAL	1,509	4.3%			
MEDICAID	1,338	3.9%	13.9%	4.4%	0.7%
PRIVATE	0	0.0%			
HMO/PPO	704	2.0%	30.5%	10.7%	0.0%
OTHER	1,861	5.4%			
TOTAL	34,749	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 only 2.0 percent of its patient days. This is below the group median level of activity of 10.1 percent. The projected levels, if realized, will have little 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 applicant proposes to add 13 beds to its 90-bed facility in Vero Beach. The floor plan included in the application only shows the proposed layout. Two new beds will be added by converting existing private rooms to semi-private. A charting room will also be converted to a private room. Without knowing the existing conditions, it is not possible to determine the functions of the spaces that will be renovated to create the other new beds. The application narrative does not make this clear either.

There are six beds in one area that are completely acceptable and meet accessibility requirements. The two new beds added to existing private rooms are also acceptable even though the toilet rooms do not appear to have the required turning radius. It has been the Agency policy to accept a patient toilet room without the turning radius if the space is being used for or has been used for patients in the past. New beds created in existing spaces other than patient rooms must have the required radius.

Based on the above, there are two new semi-private rooms that do not have the required space in the toilet rooms. The private isolation room is the room created from the charting area. Its toilet room does not appear to have the proper area and the turning radius circle is not shown. This space needs to be enlarged to meet the Florida Building Code accessibility requirements and the other two semi-private rooms also need to have their toilets revised unless the spaces have been previously used as patient rooms. See paragraph below.

The required turning radius in the toilet rooms appears to be the only architectural issue with this application. It is possible that the toilet rooms in question actually have enough space for the turning radius, but the plans clearly show the radius circle in some new rooms and not in others. The implication is that toilet rooms without the circle do not have enough space for a wheelchair to turn around.

There is a list of applicable codes that is not current and needs to be revised. This is not a critical issue since these new codes will govern whether they are listed now or not. There is no indication regarding the design professionals that drafted the plans. The plans must not have been prepared by someone who recently completed health care projects in Florida or they would know that the major codes were changed this year.

The costs and the schedule appear reasonable for renovation of this scope.

- 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 demonstrates a history of services to Medicaid/indigent patients as shown in the following table.

Year	Medicaid Days	Medicaid Revenues	Charity Days	Charity Revenues
CY 1999	315	\$ 585,583	802	\$1,036,253
CY 2000	331	\$ 943,740	748	\$ 906,016
CY 2001	257	\$ 760,555	243	\$ 318,296
Three Year Total	903	\$2,289,878	1,793	\$2,260,565

Source: Application # 9554

Comparing Medicaid and charity days from the above table with annual utilization from Schedule 4 reveals the percent of Medicaid and charity care provided compared to total patient days of care to patients.

Year	Total Patient Days	Medicaid Days	Percent Medicaid	Charity Days	Percent Charity
CY 1999	26,120	315	1.21%	802	3.07%
CY 2000	28,479	331	1.16%	748	2.63%
CY 2001	29,258	257	0.88%	243	0.83%
Three Year Avg	27,952	301	1.08%	598	2.14%

The applicant explains that there have been a somewhat limited number of charity eligible patients residing in and around Indian River County. This smaller than average population is a result of the area's comparative lack of traditional industries, the substantial intrusion of automation in the area's primary agricultural crop (citrus) and the historically high population growth rates, primarily driven by out of state retirees. This is supported by per capita income, which is reportedly one-third greater than the State of Florida average, according to the applicant. To ensure the continued provision of care to underserved/under privileged persons, the applicant is conditioning the approval of its application to a combined three percent of patient days to Medicaid and charity care patients.

**F. SUMMARY**

In Volume 28, Number 4, dated January 25, 2002 on page 375 of the Florida Administrative Weekly, a fixed need pool of zero beds was published for comprehensive medical rehabilitation beds in District 9 for the July 2007 planning horizon.

The applicant is seeking beds on the basis of the special circumstances provision of the Comprehensive Medical Rehabilitation Inpatient Services Rule (59C-1.039, Florida Administrative Code).

**Need**

The applicant is an existing 90-bed CMR Specialty Hospital seeking to expand the facility by 13 comprehensive medical rehabilitation beds with 25 percent of the new beds (three beds) dedicated to a pediatric program.

The applicant exceeded 90 percent occupancy for the first two quarters of calendar year 2001 thus qualifying to apply for additional CMR beds under the special circumstances provision of the CMR rule. Once the occupancy standard is met the ADD formula is applied to determine the appropriate number of beds that may be approved at the applicant's facility, which in this case resulted a need for 13 new CMR beds.

Even though the applicant has three CARF accredited specialty programs at the facility, it did not demonstrate that such programs are not available elsewhere in the district. The other CARF accredited programs are located at Pinecrest Rehabilitation Hospital in the opposite end of the district, 99.7 miles from the applicant's facility and approximate two hours and six minutes driving time. The second provision to qualify for special circumstances requires that the applicant's facility be a Medicaid disproportionate share hospital. HealthSouth Treasure Coast is not a Medicaid disproportionate share hospital and because of its status as a specialty hospital does not qualify for this category.

**Quality of Care**

The applicant is accredited by the Joint Commission on Accreditation of Health Care Organizations (JCAHO) and by the Commission on the Accreditation of Rehabilitation Facilities (CARF). Since December 1999 there have been five complaints filed with the Agency regarding the applicant's facility. All of the complaints have been closed and two were confirmed. One of the confirmed cases involved a medication error and the other was related to a fall/injury to a patient.

**Medicaid/Indigent Care**

As a condition of the approval, the applicant proposes to condition the project to provide three percent of total patient days to Medicaid/charity combined. The applicant has a history of service to Medicaid and charity care patients.

**Financial Feasibility**

The financial review of the applicant indicates that it has adequate funding strength with the support of the parent, to meet its capital needs. The applicant has a good short-term position. The long-term position is considered weak. The estimated outcomes for the project differ so greatly from the actual performance of this hospital in prior years, it casts significant doubt on the ability to use data submitted to predict the financial feasibility of this project.

**Architectural**

The floor plan included in the application only shows on the proposed layout. Two new beds will be added by converting existing private rooms to semi-private. A charting room will also be converted to a private room. The narrative does not make clear the functions of the spaces that will be renovated to create the other new beds. The required turning radius in the toilet rooms appears to be the only architectural issue with this application. The applicant does not appear to be aware of the recent change in major building codes in Florida. The costs and the schedule appear reasonable for renovation of this scope.

**G. RECOMMENDATION**

Approve CON #9554 to add 13 comprehensive medical rehabilitation beds (CMR) to HealthSouth Treasure Coast Hospital. The project involves 4,015 GSF of renovation and construction costs of \$742,500. Total project costs are \$1,470,264.

**CONDITIONS:**

- (1) Three of the facility's beds shall be used for pediatric patients.
- (2) A minimum of 3.7 percent of the total annual patient days in the 103-bed facility shall be provided to Medicaid and charity patients on a combined basis.

**AUTHORIZATION FOR AGENCY ACTION**

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

DATE: \_\_\_\_\_

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

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