

STATE AGENCY ACTION REPORT
CON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Orlando Regional Healthcare System, Inc./CON #9615
175 Salem Court
Tallahassee, Florida 32301

Authorized Representative: Paul McCall
(850) 222-7110, ext.103

2. Service District/Subdistrict

District 7/Subdistrict 2 (Orange County)

B. PUBLIC HEARING

No public hearing was requested or held regarding the proposed project. Fifty-nine letters of support were submitted by the applicant. Thirty letters of support were submitted by physicians, nineteen by patients and their families, and 10 by members of the community, including the Nemours Children's Clinic, Orlando Regional Healthcare Foundation Board, the Orlando Mayor, the Orlando Chief of Police, an Orlando City Commissioner, the Center for Drug-Free Living, Sustainable Orlando, Give Kids the World, KernsAble Enterprises, and Darden Restaurants (two). Arnold Palmer wrote a letter in support of the project and Florida Hospital sent an email in support. The physicians indicate that the applicant provides high quality care and due to the large population growth in the area, especially for women of reproductive age, and increasing number of deliveries, additional beds are needed to avoid admission delays and other concerns. Several physician letters further state that additional beds would increase access for the uninsured. Also, some letters reference the recent need to turn down multiple transfers from outlying community hospitals due to unavailability of beds, the frequent delays in admissions because of the bed shortage, that patients are waiting for long periods of time for a bed on the post-partum floor

because of the large number of deliveries, that there is a large need for pediatric beds, and that additional bed availability will reduce waiting time for patients, families, and physicians. The support letters from patients and their families reference their favorable personal experiences with the facility, the excellent care received, and the need for additional capacity due to area population growth. The other letters emphasize the hospital's large birth volume and high NICU occupancy, as well as the benefits Arnold Palmer Hospital brings to the community.

C. PROJECT SUMMARY

Orlando Regional Healthcare System, Inc. (CON #9615) is the licenseholder for a 1,508-bed hospital system consisting of Orlando Regional Medical Center, Arnold Palmer Hospital, Sand Lake Hospital, St. Cloud Hospital, South Seminole Hospital, and Lucerne Medical Center. The applicant proposes to add 116 acute care beds at its Arnold Palmer Hospital for Women and Children (APH), an existing 281-bed Class II specialty hospital with 203 acute care, 34 Level II NICU, and 44 Level III NICU beds, located in Orange County through the delicensure of 116 acute care beds at Lucerne Medical Center. Both hospitals are located in Orange County. This proposal will not increase the net number of beds in the District 7, Subdistrict 2, Orange County.

The following table provides the current and proposed licensed bed configuration for Orlando Regional Health System, Inc. The applicant is applying to move beds from one of its facilities to another of the facilities on the same license.

Licensed Bed Configuration for ORHS, Inc.

Type	Licensed Beds
Acute	1,245
Adult Psychiatric	78
Adult Substance Abuse	10
Child/Adolescent Psychiatric	24
Level II NICU	34
Level III NICU	44
Rehabilitation	53
Skilled Nursing	20
Total Beds	1,508

Source: ORHS, Inc., Hospital License Number 4393

According to the applicant's *Certificate of Need Predicated on Conditions* page, the applicant is proposing that a minimum of ten percent of its total annual patient days system-wide shall be provided to Medicaid patients and a minimum of three percent of its total annual patient days

system-wide shall be provided to charity care patients. This agreement maintains the existing condition imposed on CON #5153. Orlando Regional Medical Center is a Medicaid Disproportionate Share Hospital. The applicant has also stated that, as a condition of award of the CON, it will delicense 116 beds at Lucerne Medical Center upon the implementation of the 116 acute beds at Arnold Palmer.

The proposed project cost is estimated to be \$129,887,939. Construction costs are projected at \$77,211,889 and the project will involve 341,374 gross square feet (GSF) of new construction.

D. REVIEW PROCEDURE

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

Applications are analyzed to identify strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district (subdistrict), applications are comparatively reviewed to determine which applicant(s) best meet 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, Richard Patterson, 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 architecturals 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? Or does the project proposed seek beds or services in excess of the fixed need pool? Ch. 59C-1.008 and 59C-1.038, Florida Administrative Code.**

In Volume 28, Number 30, dated July 26, 2002, of the Florida Administrative Weekly, a fixed need pool of zero beds was published for acute care beds in District 7, Subdistrict 7-2, for the July 2002 batching cycle. The agency shall not normally approve applications for new or additional acute care hospital beds in any acute care subdistrict as specified in Ch. 59C-2.100, Florida Administrative Code, unless the average occupancy rate for all existing acute care hospital beds is at or exceeds 75 percent in the respective subdistrict, or the following provisions in Ch. 59C-1.038(5) are met. Although this proposal will result in new beds for Arnold Palmer Hospital, it will not increase the net acute care bed inventory in the subdistrict. As stated in the Project Summary above, an equal number of beds will be delicensed at one of the applicant's other subdistrict hospitals, Lucerne Medical Center.

District 7, Subdistrict 2, has a total of 2,320 licensed and 125 approved acute care beds as of July 26, 2002. The subdistrict had a total of 2,313 licensed acute care beds that experienced an occupancy rate of 66.96 percent for the reporting period January through December 2001. Arnold Palmer Hospital's 203 acute care beds averaged 67.88 percent utilization during the same period compared to Lucerne Medical Center's 212 licensed acute care beds utilization of 35.23 percent.

- b. Chapter 59C-1.038(5): Approval Under Special Circumstances.** Regardless of the subdistrict’s average annual occupancy rate, need for additional acute care beds at an existing hospital is demonstrated if the hospital’s average occupancy rate based on inpatient utilization of all licensed acute care beds is at or exceeds 80 percent. The determination of the average occupancy rate shall be made based on the average 12 months occupancy rate for the reporting period specified in section (4). Proposals for additional beds submitted by facilities qualifying under this subsection shall be reviewed in context with the applicable review criteria in Section 408.035, Florida Statutes.

For the appropriate period as specified by rule, January-December 2001, APH’s 203 acute care beds averaged 67.88 percent occupancy. Therefore, the applicant does not meet this rule requirement. However, as stated above, the proposal is to add 116 acute care beds to APH and delicense 116 acute care beds at Lucerne Medical Center, which would not increase the total number of acute care beds in the subdistrict.

- c. Other Special Circumstances:**

The applicant intends to expand the existing APH campus through construction of a new nine-story patient tower for Women and Infants’ Services. A separate CON application (Number 9614) for an additional 34 Level II NICU beds was also filed in the current review cycle. APH will relinquish its approved CON #9441 for the addition of five Level II NICU beds upon approval of CON #9614. If both CON #9614 and CON #9615 are approved, the bed complement of APH would be as follows:

Bed Configuration for APH Upon Approval of CON Nos. 9614 and 9615

Type	Current Licensed Beds	Licensed & Proposed Beds
Acute	203	319
Level II NICU	34	68
Level III NICU	44	44
Total Beds	281	431

Source: CON Application Numbers 9614 and 9615

The applicant proposes to have 161 licensed acute care beds and all of the NICU beds in the new building. The applicant states that the project proposed in this application is not contingent upon the approval of CON #9614. However, the applicant states that CON #9614 is contingent upon approval of this proposal. The existing 78 licensed NICU beds at APH can be moved into the new building upon its completion, since the APH campus will continue to constitute a single premises, according to the applicant. The proposed beds would become operational in January 2006. The applicant also plans to expand and renovate the existing building, which will house the remaining 158 licensed acute care beds

and be devoted exclusively to pediatric care. Lucerne Medical Center’s acute care bed count will be reduced to 96 as a result of the proposed project, which will allow Lucerne to convert double occupancy rooms to single occupancy and facilitate its transition to a focus on longer stay, lower acuity acute care services, along with sub-acute care and comprehensive inpatient rehabilitation.

The proposed acute care bed count at APH, by division (Women and Infants and Children’s Services), was provided in the application:

Proposed Acute Care Bed Count at APH

Unit	Number of Beds
Antepartum	35
Postpartum	102
Women’s Services	24
W & I Pavilion	161
General Peds	
Nursery	6
Pre-School	23
School Age	24
Adolescent	12
Hematology/Oncology	20
CVICU	12
Cardiac Step-Down	18
PICU	16
PSCU	19
PSCU Nursery	8
Children’s Services	158
APH Total Beds	319

Source: CON Application Number 9615

The applicant discusses the need for the proposed project by addressing historic utilization, geographic service area, current operating conditions, and demographic trends expected to impact future service demands, and provides utilization forecasts for each service and for the facility as a whole. According to the applicant, the number of OB deliveries at APH has increased by 46.6 percent over the past five years (1997-2001), as indicated in Table 1 on page 13 of the application. The applicant attributes the increase in deliveries to the growth in the number of resident births due to population and fertility rate growth, the closure of Princeton Hospital and its OB service in June 2000, and the discontinuation of OB services at Florida Hospital – East Orlando in May 2001, among other factors. The applicant has relocated the bulk of gynecology and most other women’s services to Lucerne Medical Center, located less than one mile away from APH, and other ORHS facilities, due to growing obstetrical demand. The annual occupancy of the beds available at APH for women’s services averaged 78.3 percent for 2001

and 83 percent during the first five months of 2002, according to the applicant. Table 2 of the application shows a rate of increase in APH women's services patient days of 11.8 percent from the first five months of 2001 to the same five months for 2002.

The applicant states that high demand for antepartum, labor and delivery, postpartum, gynecology, and other women's services in APH's 99 available women's services beds has resulted in the need to out-station certain non-obstetrical women's services at Lucerne Medical Center or ORMC rather than APH and the splitting off of these services to other locations produces further operating inefficiencies as well as inconvenience to patients and lost physician productivity, according to the applicant. Furthermore, according to the applicant, APH has turned away a substantial number of requests from other hospitals for transfer of high-risk obstetrical patients because of the sustained high occupancy levels. Because of its status as both a statutory teaching hospital and a Regional Perinatal Intensive Care Center, APH receives a large number of high-risk pregnancy referrals and transfers from other hospitals and these patients are admitted to the antepartum special care unit (ASCU) for initial treatment. The applicant says that over the past four months alone, when APH staff began tracking denied transfers, 53 high-risk obstetrical transfers were denied admission to APH due to the lack of bed availability, particularly in its 23-bed ASCU, which averaged 91 percent (midnight census) occupancy in July 2002. According to the applicant, the count of total patients treated in the ASCU that month was over 30 percent greater than the midnight census count and 44 of the 53 denied transfers (83 percent) were attributable to a lack of ASCU capacity. Table 3 of the application displays the denied transfers, by month, which is annualized at 152 without considering the upward trend and non-reported potential transfers. Table 4 of the application shows the daily census fluctuations during July 2002 for gynecology services, which indicates that high mid-week strains on resource capacity, and Table 5 of the application shows a similar, although less pronounced, pattern of day-of-week utilization in the ASCU.

The applicant also says that APH's inability to accept many high-risk transfers has caused a decline in its Level III NICU market share. The applicant concludes that approval of the proposed project in conjunction with the project proposed in companion CON #9614 will assure adequate capacity to meet current and future community needs for both Level II and Level III NICU services, eliminate the need to redirect high-risk transfers, and prevent a further erosion of APH's Level III NICU services market share.

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In addition, APH provided 9,323 obstetrical deliveries with only 16 LDR suites in 2001, an average of 583 births per suite when the industry standard is 250 to 300 per suite. Without the requested beds, antepartum services cannot grow appreciably beyond current levels and OB deliveries will cap out at approximately 9,600 births, placing added pressure on antepartum and postpartum beds. The applicant also estimates that the rising number of C-sections (Table 6 of the application), which result in higher average lengths of stay, will place additional stress on APH's postpartum bed capacity. The applicant states that space limitations within the existing APH physical plant effectively preclude increases to the existing supply of LDR suites.

The applicant is the largest provider of newborn deliveries within its primary service area (PSA) of Orange, Osceola, and Seminole Counties, with a 41 percent market share. Table 7 of the application displays the year 2001 discharges by county of patient origin for OB/GYN services at APH and Table 8 of the application shows the year 2001 number of OB delivery discharges for the PSA. Table 9 of the application reveals that Lucerne Medical Center accounted for 21.4 percent of OB delivery discharges in 2001.

The applicant states that growth in the population of fertile women lagged behind growth in the number of live births for 1998-2001, signaling an increase in fertility rates for both the district and the PSA, as indicated in Table 10 of the application.

Resident Live Births, by County: District 7 1998-2001

Year	Brevard	Orange	Osceola	Seminole	District	PSA
1998	4,811	12,914	2,253	4,247	24,225	19,414
1999	4,741	13,176	2,355	4,445	24,717	19,976
2000	5,014	14,070	2,615	4,583	26,282	21,268
2001	4,789	14,242	2,704	4,510	26,245	21,456

Source: Florida Vital Statistics (some figures vary slightly from Table 10).

Change in Resident Live Births, by County: District 7 1998-2001

	Brevard	Orange	Osceola	Seminole	District	PSA
Number	(23)	1,328	451	263	2,020	2,042
Percent	-0.5%	10.3%	20.0%	6.2%	8.3%	10.5%

Source: Florida Vital Statistics (some figures vary slightly from Table 10).

In comparison to the increase in the number of District 7 live births for 1998-2001 of 8.3 percent, the increase in total NICU days of care was 7.9 percent for the same period. The applicant also analyzed the growth in female population age 15-44 by county for District 7 in Table 11 of the application.

**Female Population Age 15-44, by County: District 7
July 1998-July 2001**

Year	Brevard	Orange	Osceola	Seminole	District	PSA
1998	87,785	203,095	34,935	79,696	405,511	317,726
1999	88,305	208,581	37,333	80,945	415,164	326,859
2000	89,082	216,768	38,793	82,333	426,976	337,894
2001	89,911	221,953	39,743	84,265	435,872	345,961

Source: AHCA Population Estimates (2000 and 2001 figures vary slightly from Table 11).

**Change in Female Population Age 15-44, by County: District 7
July 1998-July 2001**

	Brevard	Orange	Osceola	Seminole	District	PSA
Number	2,126	18,858	4,808	4,569	30,361	28,235
Percent	2.4%	9.3%	13.8%	5.7%	7.5%	8.9%

Source: AHCA Population Estimates (some figures vary slightly from Table 11).

As the charts above illustrate, while the female population age 15-44 grew in Brevard County between 1998 and 2001, the number of resident live births in that county has declined during that time. Therefore, the area's fertility rate is in a decline.

The applicant also evaluated the demographic changes in the population of District 7 over a 10-year period. Population projections show that, overall, the District 7 female population age 15 to 44 is expected to increase by 12.2 percent (Table 13 of the application); the age 15 to 34 component is expected to grow by 23 percent whereas the age 35 to 44 component is expected to decline by 5.3 percent, from 2000 to 2010. The applicant explains that this is due to the last of the baby-boom generation aging out of their childbearing years while their children are just now entering into their prime childbearing years. The applicant notes that the largest number of fertile women as well as the greatest percentage growth in fertile women is expected in Orange County and the smallest is in Brevard County. For the applicant's PSA, the number of younger childbearing women (age 15 to 34) is expected to increase by 22.1 percent, while the number of older childbearing women (age 35 to 44) is expected to be unchanged over the ten-year period, as indicated in Chart 2 of the application. The applicant concludes that the rapid growth in the female population age 15 to 34 over the next eight years coupled with flat or declining growth in the age 35 to 44 component will produce an increase in the overall fertility rate (Table 14 of the application). The applicant states that the overall fertility rate will increase from 62.0 in 1999-2001 to 64.4 by 2010 and 65.6 by 2015 (Table 15 of the application). The applicant also notes that the female population age 45 to 54, the highest users of inpatient gynecology services, will expand rapidly over the next decade as members of the baby boom generation age out of the 35 to 44 range and therefore the demand for inpatient gynecology services is also expected to increase (Tables 16, 17, and 18 and Chart 3 of the application).

In the application, independent patient day utilization forecasts were made for OB deliveries, other OB services, and gynecology/women's services and then summed to derive total utilization forecasts for the proposed 161 acute care beds to be located in the new building at APH.

With respect to pediatric services, the applicant reiterates that APH is one of six state designated children's specialty hospitals in Florida, is the designated RPICC in District 7, and its sister hospital, Orlando Regional Medical Center, is a statutory teaching hospital. APH provides Level II and Level III NICU services, pediatric open heart surgery, pediatric cardiac catheterization, and a variety of other highly specialized children's medical and surgical services, including pediatric neurosurgery and pediatric oncology. The applicant states that at APH, a total of 96 licensed beds are available for pediatric patient services, pediatric bed capacity has been under severe stress for several years, and the unit currently operates at maximum sustainable occupancy. A 22-bed pediatric unit was established at Lucerne Medical Center in early 2000 to accommodate overflow activity from APH. The applicant plans to consolidate pediatric emergency care, including trauma care, and other children's' care at APH as an adjunct to the renovation and expansion of APH.

Utilization of the pediatric services beds at APH and Lucerne grew 13.7 percent over the last four years and the average daily census went from 60.0 to 68.2 during that same period, as related in Table 23 of the application. Over 70 percent of the foregoing increases were achieved through the expansion of services to Lucerne Medical Center, thus reflecting the capacity limitations at APH. Operating conditions at pediatric hospitals provide less flexibility in addressing peak demands within specific activity areas than do most other hospital facilities. The unit peak demand is provided in Table 24 of the application.

Pediatric Bed Deployment and Operating Capacity

Unit	Beds	ADC	OCC.
General Peds			
Nursery	6	3.1	51.7%
Pre-School	23	16.4	71.1%
School Age	24	17.2	71.5%
Adolescent	12	7.5	62.5%
Hematology/Oncology	20	13.9	69.3%
CVICU	12	7.5	62.5%
Cardiac Step-Down	14	9.1	64.6%
Cardiac Nursery	4	1.8	45.0%
PICU	16	10.6	66.3%
PSCU	19	13.1	68.7%
PSCU Nursery	8	4.5	56.3%
All Pediatric Beds	158	104.5	66.1%

Source: CON Application Number 9615

Table 25 of the application shows APH/Lucerne pediatric patient origins for year 2001 discharges. The primary service area for pediatrics is comprised of Orange, Seminole, Brevard, Osceola, Volusia, and Lake Counties. The secondary service area for pediatrics is Polk, Indian River, and Sumter Counties. The applicant states that APH/Lucerne held a 28.9 percent market share of year 2001 pediatric patient days of care received by residents of its nine-county pediatric service area (Table 26 of the application) and a 34.8 percent market share in the six-county PSA (Table 27 of the application), and, due to the population growth of the largest users of pediatric services (age 0 to 4 - Table 28 of the application), inpatient pediatric use rates are expected to increase as well. The applicant concludes that without the proposed bed addition, pediatric days at APH will not be able to grow beyond current levels and future growth at Lucerne Medical Center will also be limited since it cannot offer the array of specialized, tertiary services available at APH.

The proposed reallocation of beds from Lucerne Medical Center to Arnold Palmer Hospital is intended to improve operating efficiencies at both facilities, and to better meet the needs of area residents, by meeting the rapidly growing demand for obstetrical services at APH, to consolidate women's services and pediatric services at APH, and to assure continuing state-of-the-art clinical services. At Lucerne, double occupancy rooms will be converted to single occupancy, square footage will increase from 140 square feet per bed to 310 square feet per bed, additional rooms for non-patient care uses will be provided and the lower level of intensity will reduce stress on the existing structure thereby allowing a significant extension of the useful life of the existing building, according to the applicant. The applicant states its intention to utilize the Lucerne facility for longer stay lower acuity acute care services, along with subacute care and comprehensive inpatient rehabilitation.

This proposal appears to be a better use of the applicant's resources. It does not appear to impact existing providers, including other disproportionate share providers and the somewhat innovative construction of the proposed extension to the physical plant offers a better working environment for staff and has the potential to offer a more healing environment for patients. Refer to further discussion on the potential improvements to the quality of care provided in the area in section E. 4.a. and E. 4. h. below.

2. Local Health Plan Preferences

Is need for the project supported by the applicable district plan? ss. 408.035(1) and 408.037(1), Florida Statutes, and Ch. 59C-1.030(2)(c), Florida Administrative Code.

The October 2000 District 7 CON Allocation Factors Report lists the following generic preferences relevant to CON applications for the transfer of beds:

- (a) **Preference shall be given to an applicant who demonstrates that the transfer of beds is necessary to maintain or improve the care currently provided to the district's indigent population.**

The applicant states that APH and ORHS are major providers of care to the indigent population of District 7 and system-wide, ORHS provides approximately four percent of total patient days of care to indigents. APH provides fewer patient days to indigents due to available Medicaid coverage for much of the OB, newborn, and pediatric population served at APH. The project should facilitate maintaining care currently provided to the indigent population in the subdistrict.

- (b) **Preference shall be given to an applicant who demonstrates that the transfer of beds is necessary to ensure that the services meet licensure standards.**

According to the applicant, although the services at both affected locations currently meet and will continue to meet applicable standards, the proposed 116 beds to be located in the new building at APH will be required to meet more stringent standards than those applicable when the existing facilities were constructed.

Therefore, the proposed project will result in a considerable qualitative upgrade in the bed stock both of the service area and of the applicant.

As indicated above, the applicant states that the reduction of beds at Lucerne will allow Lucerne to convert double occupancy rooms to single occupancy, increase square footage from 140 square feet per bed to 310 square feet per bed, provide additional rooms for non-patient care uses and the lower level of intensity will reduce stress on the existing structure thereby allowing a significant extension of the useful life of the existing building. The applicant states its intention to utilize the Lucerne facility for longer stay lower acuity acute care services, along with subacute care and comprehensive inpatient rehabilitation

- (c) Preference shall be given to an applicant for the transfer of beds who proposes a reduction of excess beds in the existing facility.**

The proposal is for the addition of 116 acute care beds at APH through the delicensure of the same number of beds at Lucerne Medical Center. The applicant states that without the project, occupancy at Lucerne is expected to only rise to 42 percent by 2015. With the project, occupancy at Lucerne is anticipated to increase to 71 percent by 2015. Thus, while a substantial number of excess beds at Lucerne will be reduced with the approval of this project, there is no net reduction of excess beds in the subdistrict or within the applicant's system.

- (d) Preference shall be given to an applicant for the transfer of beds who demonstrates that the transfer will not adversely impact the Medicare and private pay markets of area hospitals providing a disproportionate share of charity care and Medicaid patient days.**

The applicant notes that the level of Medicare utilization of OB and pediatric services is extremely low (one percent or less) and, consequently, the proposed project will have virtually no impact upon this component of reimbursement for any hospital in the area. Further, the erosion of APH's market share in a number of its central services is due in large part to capacity constraints in the existing building which affects this key component of ORHS's disproportionate share delivery system.

- (e) **Preference shall be given to an applicant for the transfer of beds who will be able to improve the physical plant of an existing facility as a result of the transfer (e.g., improve square feet per bed to meet standards adhered to by newer facilities, expand necessary ancillary services, improve outpatient service departments).**

The applicant states that the proposed project will improve the physical plants of the existing facilities at APH and Lucerne Medical Center. The improvements resulting from the bed relocation include creating all private rooms except for a few nursery beds at APH, and devoting additional space to outpatient and support service activities. At Lucerne, the square footage would increase from 140 square feet per bed to 310 square feet per bed, with additional rooms for non-patient care uses and the lower level of intensity will reduce stress on the existing structure thereby allowing a significant extension of the useful life of the existing building, according to the applicant.

- (f) **Preference shall be given to an applicant proposing a bed transfer who demonstrates that the overall occupancy rate at both facilities will increase as a result of the transfer.**

Occupancy at Lucerne Medical is expected to increase if the proposal is approved. However, the applicant did not realistically project an increased occupancy at APH with the addition of 116 beds.

- (g) **Preference shall be given to an applicant for the transfer of beds if the applicant can demonstrate that the transfer is more cost-efficient than the renovation and expansion of the existing facility.**

The applicant has not demonstrated that the transfer of beds with a total project cost of approximately \$130 million is more cost-efficient than renovation and expansion of the existing facility.

- (h) **Preference shall be given to an applicant who proposes to locate transferred beds in an area that will improve access to Medicaid and indigent patients.**

The applicant states that the planned relocation of beds will have virtually no impact upon the geographic accessibility of the services offered due to the facilities' proximate location, however, APH and ORHS are major providers of care to the indigent population of District 7 and system-wide, ORHS provides

approximately four percent of total patient days of care to indigents. Although APH provides fewer patient days to indigents due to available Medicaid coverage for much of the OB, newborn, and pediatric population served at APH, the applicant contends that the proposed project will increase access to needed services for all residents of the service area, including the Medicaid and indigent populations.

The October 2000 District 7 CON Allocation Factors Report lists the following preferences relevant to CON applications for acute care beds:

- (i) Preference shall be given to applications for the delicensure of/conversion from existing acute care beds, and/or the delicensure of/conversion from acute care beds through the relocation of an entire facility, if the applicant can provide substantial documentation of:**
 - (1) The impact of the proposed project on the parent facility including projected occupancy declines, market share, curtailing of service effect on operating costs, use of vacated space at the main campus and charge changes; and that the proposed service improves access by at least 25 minutes to at least 10 percent of the population of a minimum of at least 35,000 people. This should be substantiated by analysis of patient origin to existing providers, physician referral practices, and locations of physicians' offices.**
 - (2) Preference will be shown to applicants who delicense a proportionally higher number of acute care beds in relation to the facility's total number of acute care beds.**
 - (3) Commitment to provision of care to both no-pay and low-pay medically indigent patients and Medicaid patients at a minimum of no more than two percent below the most recent AHCA publication for the district of the charity/uncompensated care percentage of net revenues.**

The applicant states that the proposed project does not contemplate conversion of acute services to a different service, nor does it contemplate the relocation of an entire facility, and therefore, this preference statement is not applicable to this project.

3. **Agency Rule Preferences**

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

The following criteria and standards found in Chapter 59C-1.038(6) of the Florida Administrative Code are applicable to a request for additional acute care beds:

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

The applicant's provision of care to Medicaid and charity is discussed in Sections E.2.a. and E.2.h. above and E.4.i. below.

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

There are no competing applications for additional acute care beds in District 7, Subdistrict 2.

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) and 408.035(7), Florida Statutes.**

The applicant provided a detailed discussion of and the need for the proposed project in the fixed need pool section of the application. Please refer to Section E.1.c. above. The applicant states that this project is based upon an effort to correct an existing imbalance in availability of beds at two separate but proximate hospital campuses, APH and Lucerne Medical Center

Although the project may be a better use of the applicant's resources, it was not demonstrated that the project will improve the availability, efficiency or extent of utilization of existing health care facilities. It may however, improve the quality of care currently being provided in the subdistrict. The applicant has proposed to construct a relatively

innovative extension to Arnold Palmer Hospital. The new extension will be constructed of a glass curtainwall system with shading devices to deflect the heat gain from the sun and make a more energy efficient building. Through the use of light and color, the applicant states it will create an environment that will “aid the healing process”. A review of the literature suggests that a well-designed hospital can aid patients in recovering both their health and spirits through the use of natural sunlight, flexible spaces and a streamlined approach to patient care. The applicant indicates that studies show compact circular layouts decrease the time that healthcare professionals spend getting from patient to patient and this makes the building and its patient care more efficient and therefore less costly. The Agency’s architectural review of the project indicates that the applicant has proposed such a configuration, but goes on to say that circular or curved building are more expensive to build. It appears that while some efficiency will be gained, including energy efficiencies and efficiencies in the delivery of patient care, they will not be gained without a price. Overall, however studies conducted in Australia, England and the United States indicate that this type of innovative construction, which results in high performance hospital buildings, not only creates a better working environment for staff, but also can improve patient well-being¹. As noted above, it appears that this proposal has the potential of improving the quality of care currently being provided in the subdistrict.

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

Orlando Regional Healthcare System, Inc., is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The applicant included a copy of its JCAHO certificate of accreditation for 1999-2002 with the application.

The applicant states that it has never had a license denied, revoked, or suspended, or a facility placed in receivership.

Arnold Palmer Hospital has a Performance Improvement Plan 2002-2004 and a Utilization Management Plan 2002, copies of which are included in the application.

¹ Lawson, Brian, The Architectural Review, March, 2002; Langdon, Mark, CII Construction Industry Institute Australia, 5th Annual Conference “Innovation in Construction – High Performance Buildings” <http://www.ciaa.qut.com/conference/LANGDON,%20Mark.doc> ; Better Public Buildings website: <http://www.betterpublicbuildings.gov.uk/care.htm>, Prime Minister’s Award, Norfolk and Norwich University Hospital.

The applicant recited the benefits of its proposed building design, including the provision of privacy and ample space to accommodate family and friends near the patient, small groupings of beds in small pods that can be kept quiet with light levels appropriately controlled, and the circular arrangement that is acoustically appropriate to minimize noise, while simultaneously reducing staff time requirements in delivering care.

According to AHCA data, the applicant (the entire system) had 30 confirmed complaints (twelve without deficiency), during the last three years. The confirmed complaints concerned patient care (three), medical records (three), medicine problem (two), EMTALA/emergency access (two), failure to report incident (two), patient rights (two), and one each involving medical services, infection control, equipment in disrepair, and death.

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

The applicant states that there is no other dedicated women and children's hospital in any district adjacent to District 7 and that there is only one hospital within a 100-mile radius of APH (St. Joseph's in Tampa), which offers a similar range of services. However, access to OB and pediatric services was not demonstrated to be a problem for area residents.

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

Although Arnold Palmer Hospital is included on the license of Orlando Regional Medical Center, a statutory teaching hospital, APH is not so designated. The applicant has 153 physician residents in its eight Accreditation Committee for Graduate Medical Education-accredited residency programs. Two of those programs, obstetrics/gynecology and pediatrics, conduct the bulk of their activities at APH. The applicant lists the extensive institutional affiliations with medical schools for education, training, and research, and describes the residency, training/internship, clinical support, and research opportunities, including those in the NICU, which benefit service delivery at the facility and advance the field of health care, improving quality and clinical outcomes, reducing cost, or providing other benefits.

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

The audited financial statements for the periods ending September 30, 2001 and 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>09/30/2001</u>	<u>09/30/2000</u>
Current Assets	\$ 332,116,000	\$ 297,230,000
Cash and Current Investment	\$ 139,445,000	\$ 103,924,000
Assets Restricted for Capital Projects	\$ 110,621,000	\$ 101,383,000
Total Assets	\$ 1,105,929,000	\$ 1,066,612,000
Current Liabilities	\$ 127,933,000	\$ 124,100,000
Total Liabilities	\$ 690,639,000	\$ 666,795,000
Total Equity	\$ 415,290,000	\$ 399,817,000
Net Operating Revenues	\$ 896,546,000	\$ 815,762,000
Interest Expense	\$ 28,722,000	\$ 29,621,000
Net Profit - Operations	\$ 30,149,000	\$ 24,804,000
Net Income	\$ 30,149,000	\$ 24,804,000
Cash Flow from Operations	\$ 92,538,000	\$ 95,275,000
Working Capital	\$ 204,183,000	\$ 173,130,000
Current Ratio (CA/CL)	2.6	2.4
Cash Flow to Current Liabilities (CFO/CL)	0.7	0.8
Long-Term Debt to Equity (TL-CL/TE)	1.4	1.4
Times Interest Earned (NPO+Int/Int)	2.0	1.8
Equity to Total Assets (TE/TA)	37.6%	37.5%
Operating Margin (NPO/NOR)	3.4%	3.0%
Total Margin (NI/NOR)	3.4%	3.0%
Return on Assets (NI/TA)	2.7%	2.3%
Operating Cash Flow to Assets (CFO/TA)	8.4%	8.9%

Short-term position:

The applicant's current ratio of 2.6 indicates current assets are two and one half times that of short-term liabilities, a good position. The working capital (current assets less current liabilities) of \$204 million is a significant amount. The ratio of cash flow to current liabilities of 0.7 is good. The applicant has a strong short-term position.

Long-term position:

The long-term debt to equity of 1.4 is only fair, indicating a significant amount of debt when compared to total equity. The cash flow to assets of 8.4 percent is considered adequate for Florida hospitals. The most recent year had an operating profit of \$30 million, which resulted in a margin of 3.4 percent, a satisfactory level. The total equity of \$415 million with the equity to assets of 37.6 percent is strong. Although the indicators are somewhat mixed, the significant amount of total equity and good earnings and cash flows overshadows the others resulting in a good long-term position.

Capital requirements:

Schedule 2 indicated the applicant has a total capital budget of \$366 million. Maturities of long-term debt through 2005 in the amount of \$54 million make the total amount of funding needed \$420 million.

Available capital:

Schedule 2 indicated \$47 million would come from cash on hand, \$149 from operations, \$149 from the issuance of bonds and fund raising and the balance was being sought. The audited balance sheet shows \$139 million cash and investments, \$111 million assets limited to use for capital projects, and \$93 million annual cash flows. The total available through 2005 should be over \$600 million.

Conclusion:

Based on the financial position, cash on hand, designated assets, and cash flows of the applicant, a reasonable probability exists that funding all capital projects will be available as needed.

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

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

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

Comparative data were derived from hospitals in peer groups that reported data in 2000; the applicant will be compared to the hospitals in group 8. Per diem rates are projected to increase by an average of 3.4 percent per year. Inflation adjustments were based on the most current Florida Hospital Input Price Index.

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

Net revenue per adjusted patient day (NRAPD) of \$1,715 in year one and \$1,763 in year two is just above the control group highest values of \$1,686 in year one and \$1,736 in year two. With net revenues falling above the highest, the facility is expected to consume more health care resources in proportion to the services provided than any other provider in the group. (See Comparative Table). The 2001 actual NRAPD for this hospital was \$1,517.

Projected cost per adjusted patient day of \$1,725 in year one and \$1,764 in year two is just below the group median values of \$1,740 in year one and \$1,792 in year two. This application is considered cost-efficient when compared to the control group. (See Comparative Table). The 2001 actual CAPD for this hospital was \$1,516.

The year two operating loss for the applicant of \$(1.1) million computes to an operating margin per adjusted patient day of \$(2) which falls between the peer group median and highest of \$(77) and \$66. The operating margin computes to -0.1 percent. Year two estimates for non-operating revenues total \$41 million with no non-operating expenses. After adding the non-operating revenue the total margin is \$40 million. The 2001 financial report for the system indicates \$37 million is received from non-operating sources, thus supporting the non-operating revenue and total margin projections. Considering the non-operating revenues, the forecast indicates the system is financially viable. This project makes a negative net contribution of \$(13,723,952) to the margin for year two.

This application is for a major expansion of the existing Arnold Palmer Hospital. The expansion and reorganization of beds and services is more of the focus of this construction than just making space for the additional 116 beds. Considering the structure of Orland Regional Healthcare System, its non-operating revenues, and the long-range mission with this expansion project, the application is felt to be financially feasible.

COMPARATIVE TABLE

ORHS 2000 DATA Peer Group 8	2007	YEAR 2	<u>INFLATION ADJ. VALUES</u>		
	YEAR 2	ACTIVITY	Highest	Median	Lowest
	ACTIVITY	PER DAY			
ROUTINE SERVICES	452,244,303	787	1,001	712	395
INPATIENT AMBULATORY	70,669,043	123	125	70	37
INPATIENT ANCILLARY SERVICES	1,632,569,400	2,840	3,293	2,244	1,840
OUTPATIENT SERVICES	900,677,287	1,567	1,569	943	786
OTHER OPERATING REVENUE	19,302,757	34	82	33	12
TOTAL REVENUE	3,075,462,790	5,350	5,314	4,191	3,319
DEDUCTIONS FROM REVENUE	2,062,238,188	3,587	*	*	*
NET REVENUES	1,013,224,602	1,763	1,736	1,683	1,405
EXPENSES					
ROUTINE	249,477,920	434	509	280	224
ANCILLARY	283,012,055	492	703	610	544
AMBULATORY	45,844,678				
OVERHEAD	435,941,809	758	961	763	585
OTHER	0	0			
TOTAL EXPENSES	1,014,276,462	1,764	2,004	1,792	1,568
OPERATING INCOME	-1,051,860	-2	66	-77	-457
		-0.1%			
PATIENT DAYS	402,898		NOT INFLATION ADJUSTED		
ADJUSTED PATIENT DAYS	574,859				
TOTAL BED DAYS AVAILABLE	550,420				
ADJ. FACTOR	0.7009				
TOTAL NUMBER OF BEDS	1,508				
PERCENT OCCUPANCY	73.2%		64.8%	52.9%	43.1%
<u>PAYER TYPE</u>	PATIENT DAYS	% TOTAL			
MEDICARE	103,612	25.7%	55.5%	28.3%	13.4%
COMMERCIAL	36,795	0.0%			
MEDICAID	66,455	16.5%	33.8%	19.8%	4.7%
PRIVATE	18,304	4.5%			
HMO/PPO	173,108	43.0%	43.5%	30.5%	15.6%
OTHER	4,624	1.1%			
TOTAL	402,898	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 43.0 percent of its patient days. The system reported 43.5 percent managed care in 2000, which was the group's highest. Although the applicant's level of managed care will have a positive impact on competition, to promote quality assurance and cost-effectiveness the addition of this project does not appear to make any significant difference.

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

The application states that the intent is to add 116 acute care beds at the existing facility by building a new structure across the street. A two-story bridge over the street connects the new building to the existing hospital. The bed increase will be primarily accomplished by delicensure of 116 beds at the applicant's Lucerne Medical Center campus. At Lucerne, this will be accomplished primarily by conversion of semi-private rooms to private. This application has a "companion" CON application (Number 9614), which is contingent on this one. Some renovation of the existing building is also part of this application.

The application includes a site plan and all floor plans of the new building. The first floor plan of the existing building is also provided and has portions of it hatched and this appears to indicate that these spaces will not be renovated. If this is true, a substantial portion of the first floor will be renovated as part of the project and this renovation is stated to not be subject to CON review. There are no plans showing the existing conditions where renovation is to take place.

The bulk of this project is the construction of the new building which will house the patient rooms as well as NICU spaces which are addressed in CON #9614.

The conceptual shape of this new building is quite unusual. It consists of several circular elements connected to other circular forms. Patient room pods are circular with a nurse station at the hub surrounded by sleeping rooms on the perimeter. These elements form the nine-story (plus penthouse) part of the project. The shape of the nursing units decreases to some extent the amount of space that is usually needed for corridors in a more rectangular layout. The applicant indicates that that studies show that the compact circular layouts decrease the time that healthcare professionals spend in getting from patient to patient and this

will make the building and its patient care more efficient and therefore less costly. However, this saving of time and space does not always come without a price. Generally, circular or curved buildings are more expensive to build.

For this CON application, it has been said that the shape of the building is cost-effective. Without any precedent to verify this, other than statements in the application, it is not possible to say whether this premise is correct or not. The glass curtain wall structural/skin system proposed is probably the most efficient method to use for a circular configuration, suggesting that the entire shape issue has been considered by the design professionals and their client, the hospital.

The resulting design is quite striking and the shapes and materials have been well integrated into the plan. If built as proposed, the building will make quite an interesting and dramatic architectural statement.

The shape of many of the building's components gives rise to some concern about way-finding. Hospitals can be difficult to navigate intuitively, but this also applies to other large buildings with big footprints as opposed to smaller and taller buildings such as office towers. It may not actually be possible to build a hospital where way-finding is not an issue to some degree.

Another byproduct of the building form is that a number of rooms have rather strange shapes which could be somewhat disorienting. Built-in furniture and millwork will be more expensive than they would be in a rectangular building.

The application stresses the amount of natural light that will be introduced into the building, and this is a positive feature. However, this too will increase the cost of the building due to the Disaster Preparedness requirements in the Florida Building Code and Chapter 59A-3 of the Florida Administrative Code. Products that are tested and certified to resist high wind forces and minimize missile impact damage are more costly than less hardy materials.

Quite a few of the private LDR patient rooms on the second level are connected to each other in pairs with a small corridor-like space that is not labeled. An explanation as to the function of this space would have been helpful. It appears that a sufficient number of patient rooms are accessible from a disability standpoint. This will have to be addressed in more detail if and when the project comes under review by the AHCA Office of Plans and Construction.

The layout for some of the patient spaces, particularly the NICU areas, brings up several questions that are not clearly addressed in the narrative or on the plans. Chapter 59A-3 of the Florida Administrative Code and comparable wording in the Florida building code have specific requirements for patient and NICU areas. This is particularly true for support spaces such as clean and soiled rooms of various types, staff lounges and locker areas, toilets and similar ancillary functions. Some of these spaces are required per suite, some per nursery, some per unit, etc. In some cases, it cannot be determined exactly which or if any of the circular pods are intended to be part of a larger suite or unit and therefore whether the required support spaces have been provided in sufficient number and with adequate adjacency.

The codes referenced above are quite specific as to the requirements for these ancillary spaces, but the plans need to utilize the same space nomenclature as the codes so that the AHCA reviewers can determine if the required spaces have actually been provided. A clear definition and labeling of the spaces to correspond with the wording of the codes would clarify matters.

Lists of codes are included in several places in the application and they are up to date for the latter part of 2002. The application goes into more than usual detail about the materials to be used in the construction and into equal detail regarding the interior spatial organization of each floor.

The information from Schedule 10 indicates that sufficient time has been allowed for construction. The projected cost for the construction appears to be reasonable but on the high side for the types of spaces and the extent of the construction required, even though there are no precedents for determining comparable 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 a table which summarizes ORHS's provision of care to Medicaid and indigent patients over the last three fiscal years.

	1999	2000	2001
Medicaid Days	47,853	52,185	63,325
Total Days	266,928	313,456	331,461
Medicaid Percentage	17.93%	16.65%	19.10%
Charity Amount	42,908,083	67,694,932	64,790,594
Charity Days	10,924	15,732	14,475
Charity Percentage	4.09%	5.02%	4.37%

Source: CON Application No. 9615

The assumptions to Schedules 7A and 8A anticipate that the payer mix for the project would include 35.3 percent patient days to Medicaid patients and 4.5 percent patient days to charity patients. The following table provides an indication of the applicant's commitment to charity and Medicaid, with comparison to the district, based on Fiscal Year (FY) 2000 Actual Data prepared by AHCA:

**Medicaid and Charity Care of the Applicant
Compared to the District for Fiscal Year 2000**

Applicant	FY 00 Conventional Medicaid Days	FY 00 Gross Charity Percentage of Charges
Orlando Regional	14.2%	3.5%
District 7 Average	9.4%	2.6%

Source: FY 2000 Actual Data/AHCA

As reflected in the table, Orlando Regional's provision of Medicaid and charity care is greater than the district average. The applicant is a designated Medicaid Disproportionate Share Provider.

F. SUMMARY

Orlando Regional Healthcare System, Inc. (CON #9615) proposes to add 116 acute care beds at its Arnold Palmer Hospital for Women and Children, an existing 281-bed Class II specialty hospital with 203 acute care, 34 Level II NICU, and 44 Level III NICU beds through the delicensure of 116 acute care beds at Lucerne Medical Center. The applicant owns Lucerne Medical Center and that hospital is located in the same planning area as Arnold Palmer.

The proposed project cost is estimated to be \$129,887,939. Construction costs are projected at \$77,211,889 and the project will involve 341,374 gross square feet (GSF) of new construction.

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

Need/Special Circumstances:

The AHCA published no need for acute care beds in District 7, Subdistrict 2.

The proposed project would not add any acute care beds to the subdistrict inventory. The project appears to be a better use of the applicant's resources and has the potential to improve the quality of care in the subdistrict.

Quality of Care:

Orlando Regional Healthcare System, Inc., provided a copy of its certificate of accreditation by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The applicant is a quality provider and this project has the potential to improve the quality of care in the subdistrict.

Cost/Financial Analysis:

The applicant has a strong short-term position and a good long-term position. Based on the financial position, a reasonable probability exists that funding for all capital projects will be available as needed and the project is likely to be financially feasible.

Medicaid/Indigent Charity Care Commitment:

The applicant is proposing that a minimum of ten percent of total annual patient days system-wide shall be provided to Medicaid patients and a minimum of three percent of total annual patient days system-wide shall be provided to charity care patients. This represents a continuation of the applicant's existing CON condition.

Architectural Analysis:

The proposal is to add 116 acute care beds at the existing facility, through delicensure of 116 beds at the applicant's Lucerne Medical Center campus, by building a new structure across the street. A two-story bridge over the street connects the new building to the existing hospital. The projected cost for construction appears to be reasonable and sufficient time for construction is indicated on Schedule 10.

G. RECOMMENDATION

Approve CON #9615 to add 116 acute care beds to Arnold Palmer Hospital through the delicensure of 116 acute care beds from Lucerne Medical Center. Project costs total \$129,887,939 and involve 341,374 GSF of new construction and construction costs of \$77,211,889.

CONDITIONS:

- (1) A minimum of three percent of the total annual patient days in Orlando Regional Medical Center's system (1,508 beds) shall be provided to charity care patients.
- (2) A minimum of 10 percent of the total annual patient days in Orlando Regional Medical Center's system (1,508 beds) shall be provided to Medicaid patients.
- (3) The applicant will delicense 116 beds at Lucerne Medical Center upon the implementation of the 116 acute beds at Arnold Palmer.

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