

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Orlando H.M.A, Inc. d/b/a University Behavioral Center/CON #9711
2500 Discovery Drive
Orlando, Florida 32826

Authorized Representative: David L. Beardsley, CEO
(407) 281-7000

2. Service District/County

District 7 (Orange County)

B. PUBLIC HEARING

A public hearing was not held or requested. However, the applicant submitted 14 letters of support for the proposed project from the following: Carolann Duncan, MS, Program Administrator for Substance Abuse/Mental Health District 7 (Florida Department of Children & Families); Barbara A. Mara, Ph.D. (Psychological Wellness for Children & Families, Inc.); Jill Gentry MS, CAPP, Senior Regional Vice President (Human Services Associates, Inc.); Rene Ledford, LCSW, CPA, Executive Director (Children's Home Society); Juanita Hernandez-Black, President/CEO (Mental Health Association of Central Florida, Inc.); Donald F. Eslinger, Sheriff (Seminole County); Dr. Shari Titus (STAR Consultants, Inc.); Norma Verner, Program Specialist, SEDNET 7A (Orange County Public Schools); Myrtho M. Branch, M.D.; Shaheda Akhtar, M.D.; Kathi B. Miller, Florida Director of Research and Development (VisionQuest); Sharon Miller, LCSW, CCM, Clinical Case Manager (Healthchoice); Doris Lloyd; and Philip P. Whitby, M.A., L.M.H.C., Program Manager (Orange County Youth & Family Services Division). Most of the letters expressed concern about the availability of IRTF beds for children and adolescents in Orange County.

C. PROJECT SUMMARY

Orlando H.M.A, Inc. d/b/a University Behavioral Center seeks approval to add 24 Intensive Residential Treatment Facility (IRTF) beds through the conversion of 30 Department of Children and Families (DCF) group care beds. The applicant is one of providers in AHCA District 7 (Brevard, Orange, Osceola, and Seminole Counties). The Class IV specialty hospital, located in Orlando, has a total of 80 inpatient child and adolescent beds classified as IRTF beds and 30 Group Care beds regulated by DCF. Approval of this project would result in the facility operating a total of 104 IRTF beds and no Group Care beds.

According to the *Certificate of Need Predicated on Conditions* page, the applicant does not wish to accept any conditions.

The total project cost is estimated at \$63,870. There are no construction costs involved in the project and the applicant did not provide the total amount of space involved in the conversion.

D. REVIEW PROCEDURE

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

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

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

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

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

Does the project proposed respond to need as published by a fixed need pool? Ch. 59C-1.008 and 59C-1.040, Florida Administrative Code.

On July 25, 2003, AHCA published a fixed need pool (FNP) in Volume 29, Number 30, Florida Administrative Weekly (F.A.W.) for 57 additional children and adolescent psychiatric beds in District 7 (Brevard, Orange, Osceola, and Seminole Counties) for the January 2009 planning horizon. The net need for IRTF beds is included in the need projected for child/adolescent psychiatric beds. The applicant is applying for 24 out of the 57 beds identified in the fixed need pool.

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 District 7 July 2003 CON Allocation Factors Report provides the following generic preferences in the review of all CON applications:

- 1. Preference shall be given to applicants who demonstrate that they can alleviate a current or potential geographic access problem. Applicants must provide specific evidence of lack of access in a geographic area.**

The applicant responded to the June 2000 CON Allocation Factors for District 7 as opposed to the July 2003 CON Allocation Factors

and therefore, did not respond to this preference. However, as average occupancy in the area approaches 90 percent and the applicant is experiencing an average occupancy of almost 100 percent in its facility, it is clear that access is restricted. Additionally, the Agency has published need for additional child/adolescent psychiatric beds in each batching cycle in District 7 since 2001.

2. **Preference shall be given to applicants who demonstrate that new or expanded bed capacity and/or a new or expanded service will not have a significant negative impact on similar facilities in the service area. Applicants are encouraged to include letters of support from similar facilities indicating that the project will not negatively impact their programs and services.**

Refer to E.2 (1) above. No letters of support were submitted from facilities offering similar programs or services.

3. **Preference shall be given to applicants who formally commit to a program of Medicaid and/or charity care, and specify the annual amount of Medicaid and/or charity care they provide in their CON application. Applicants are encouraged to document their involvement in local activities geared to increasing access to care for the medically indigent.**

The applicant did not respond to this preference. Refer to the discussion E.3 (1) below regarding the provision of care to indigents.

4. **Preference shall be given to applicants who propose to locate beds or services in an area that will improve access to Medicaid and medically indigent patients.**

The applicant did not respond to this preference.

5. **Preference shall be given to applicants who demonstrate their commitment to meeting the needs of culturally diverse populations. Applicants should provide evidence of the availability of translation and interpretation services for diverse populations. Applicants should document in the application any cultural competency training and continuing education to be received by employees who will staff the project.**

The applicant did not respond to this preference.

6. **Preference shall be given to applicants who commit in their application to provide beds and/or services for HIV/AIDS infected persons. Applicants should document in the application the estimated number and percent of HIV/AIDS patients to obtain services. Applicants are encouraged to discuss their involvement in local activities focused on increasing access to care for persons living with HIV/AIDS.**

The applicant states that while its focus is on mental health services rather than medical conditions, it does occasionally admit and treat patients who are HIV positive and estimates that it has treated five or six HIV positive residents in the past two years. The applicant did not provide a commitment to provide beds and/or services for HIV/AIDS infected persons nor did it discuss its involvement in local activities focused on increasing access to care for persons living with HIV/AIDS. Accordingly, the applicant did not meet the intent of this preference.

7. **Preference shall be given to applicants who commit to providing prevention and education activities to the general public and to their patients. Applicants should include a description of prevention/education programs and services that will be available to patients and the public.**

The applicant did not directly respond to the preference however, UBC indicates that it has an on-going program providing in-service training for a variety of community agencies. According to the applicant, UBC employees a number of staff having specialized capabilities to provide community training. The applicant has provided the following community training over the past year:

- Etiology, Assessment, and Treatment of Children and Adolescent Sex Offenders
- Treating Neglected and Abused Children
- Growth and Development of Children and Adolescents
- Managing Impulsivity and Appropriate Behaviors in the Home
- Sexually Abused Children: Treatment, Healing and Redirection
- Treating Developmentally Delayed Sex Offenders
- Patient Safety and Error Reduction
- Dangers of On-line Sex Offenders
- Children Who Molest Children
- Legal and Ethical Considerations for Mental Health Professionals
- Domestic Violence and Increased Violence with Children and Adolescents

- 8. Preference shall be given to applicants who have demonstrated quality of care standards by achieving exemplary survey/accreditation results. This preference only applies to existing facilities.**

The applicant provided documentation of its accreditation by the Joint Commission on Accreditation of Healthcare Organization (JCAHO). Refer to E. 4. c. below for a discussion on the quality of care provided by the applicant.

The District 7 July 2003 CON Allocation Factors Report provides the following preferences in the review of applications pertaining to psychiatric and substance abuse services:

- 1. Preference shall be given to applicants who propose to convert licensed unused beds.**

The applicant did not directly respond to this preference. Nevertheless, the applicant is seeking to expand its AHCA licensed beds from 80 to 104, via conversion of its 30 DCF regulated beds. The applicant states that UBC's 80 inpatient beds experienced occupancy rates at or above 100 percent while the 30 DCF regulated beds have been occupied at a much lower rate (77 percent).

- 2. Preference shall be given to applicants who document in their CON proposal that they have written agreements with a broad spectrum of area community mental health centers, nearby assisted living facilities, and/or other appropriate mental health resources, in order to help ensure continuity of care.**

The applicant contends that it maintains a number of linkages within the community and throughout the state to help ensure continuity of care. This includes Lakeside Alternatives for inpatient and outpatient mental health services; Vision Quest for community aftercare, pre-vocational, and vocational training; The Grove for outpatient mental health and substance abuse counseling, as well as many others. The applicant provided a complete list of its Cooperative Services Agreements and copies of those agreements in the Supporting Materials section of the application.

- 3. Preference shall be given to applicants who propose to serve an area of concentrated population (at least 50,000 residents with a 10-mile radius) that has no beds of similar type or where the overall occupancy rate for existing beds of similar type is at least 80 percent.**

The applicant did not respond to this preference. However, the table located in E. 4.a. below displays the annual occupancy rate for the child and adolescent psychiatric programs for District 7. Three of the five programs are IRTFs: University Behavioral Center (99.94 percent occupancy), Devereux Hospital (96.68 percent occupancy), and La Amistad (81.13 percent occupancy). The remaining two programs are located in acute care facilities: Florida Hospital-Orlando (64.42 percent occupancy) and South Seminole Hospital (42.52 percent occupancy). District 7's overall occupancy rate for child and adolescent psychiatric programs was 87.84 percent. The applicant meets the intent of this preference.

- 4. Preference shall be given to applicants who indicate in their CON application a willingness to accept Baker Act and involuntary placement at a negotiated rate.**

While the applicant did not directly respond to this preference, it does imply that UBC is not an appropriate setting for a receiving facility. As a residential facility, UBC is oriented toward the care of patients in need of prolonged inpatient psychiatric care. Receiving facilities, by contrast, are oriented to short stays for stabilization and assessment. The applicant indicates that it does not have the beds or space available to devote to short-term patients, and such patients would be extremely disruptive to programming at UBC's existing units.

- 5. For applicants proposing to convert more than 10 percent of their psychiatric beds to substance abuse beds, preference should be given to applicants who can demonstrate that the existing beds are not being utilized and the proposed service has a greater than 80 percent average occupancy during the last two 12 months.**

The applicant is not proposing to convert psychiatric beds to substance abuse beds. Therefore this preference is not applicable to the proposed project.

3. **Agency Rule Preferences**

a. **Preferences for non-competitive applicants for hospital inpatient general psychiatric services. Ch. 59C-1.040(4)(i)(j), Florida Administrative Code.**

In weighing and balancing statutory and rule review criteria, the following factors shall also be considered in the review of a single non-competitive proposal:

- (1) **Provide Medicaid and charity care days as a percentage of their total patient days equal to or greater than the average percentage of Medicaid and charity care patient days of total patient days provided by other hospitals in the district, as determined for the most recent calendar year prior to the year of the application for which data are available from the Health Care Board.**

The Florida Medicaid program typically does not provide reimbursement for inpatient psychiatric services provided by specialty psychiatric facilities. However, the exception to this is Statewide Inpatient Psychiatric Program (SIPP). The Centers for Medicaid and Medicare Services (CMS) allows states the option of providing Medicaid coverage for children in institutions for mental diseases. The Agency for Health Care Administration (AHCA) sought and obtained approval from CMS for a federal waiver to allow the agency to purchase this service for children. UBC became a provider under the program in January 2002. UBC is required under the terms of its Statewide Inpatient Psychiatric Program Contract (SIPP) to make 46 of its beds available to children and adolescents under this program. The applicant contends that the facility delivered 44 percent of its total patient days in FYE 2002 under this program. The facility also contracts directly with DCF in District 7 to provide residential treatment services directly to district children and adolescents under a district performance contract. According to the applicant, this contract results in a negotiated rate for services on a daily basis and in essence, functions as a statewide contract since other districts may admit children and adolescents to its program at the negotiated rate on a bed availability basis. Department of Children and Families Districts 2, 3, and 13 have no IRTF beds within their service areas, and often admit clients to UBC according to the applicant. The applicant maintains that it provided an additional 37 percent of its total patient days in FYE 2002 under this direct DCF contract.

The applicant states that it has an existing condition on its original 60 child and adolescent psychiatric beds, which call for three percent of its total patient days and revenues to be delivered to indigent patients. The applicant points out that all of the SIPP and DCF patients are either wards of the state or have parents or guardians without the financial ability to pay for their care. UBC accepts the contract rate as payment in full for services rendered, with the difference between the gross charge and the contract rate being written off. In CY 2002, this write-off amounted to \$5,620,264, or 50.1 percent, attributable to the care of indigent patients. The applicant proposes no additional Medicaid or indigent care condition associated with this project. Nonetheless, it anticipates that well over 50 percent of its total patient days in the future will be provided to indigent State of Florida children and adolescents.

- (2) **Propose to serve the most seriously mentally ill patients (e.g. suicidal patients; patients with acute schizophrenia; patients with severe depression) to the extent that these patients can benefit from a hospital-based organized inpatient treatment program.**

According to the applicant, most of the patients admitted to UBC under its SIPP contract are youths who have had previous admissions to short-term crisis stabilization or general acute care facilities with a child and adolescent program. Their conditions are typically too severe to respond favorably to outpatient counseling, overlay services, and short-term hospitalization. Consequently, nearly all of the patients at UBC are seriously mentally ill, including patients who are suicidal. The applicant maintains that it will continue to serve seriously mentally ill patients in the future.

- (3) **Propose to serve Medicaid-eligible persons.**

The applicant proposes to continue serving patients under its SIPP and DCF contracts as described in E.3.a (1) above. The SIPP program is specifically for Medicaid-eligible children and adolescents, and UBC expects to continue to devote a minimum of 46 out of 104 (or 44 percent) of its beds to this program.

(4) Propose to serve individuals without regard to their ability to pay.

The applicant states that the bulk of its services are delivered to patients who are either wards of the state, or who are otherwise unable to pay for their care. Virtually all indigent patients who require services provided by the applicant qualify for one of these programs, for which the contract rate is accept as payment in full and the difference between the facility's charge and the contract rate is written off. Additionally, a small portion of care is provided to patients who are not indigent, but who may not be insured or able to cover the full cost of care received. This results in indigent or charity write-offs according to the applicant. It is indicated that these arrangements will continue into the future.

(5) Agree to be a designated public or private receiving facility.

The applicant does not propose to become a designated public or private receiving facility.

(6) Provide a continuum of psychiatric services for children and adolescents, including services following discharge.

The applicant provides a continuum of psychiatric services for children and adolescents including services following discharge. The applicant provided a comprehensive list of its cooperative services in the Supporting Materials section of the application.

b. Unit Size Ch. 59C-1.040 (5) Florida Administrative Code. A separately organized unit for hospital inpatient general psychiatric services for children and adolescents shall have a minimum of 10 beds.

University Behavioral Center is an 80-bed IRTF hospital.

c. Access Standard Ch. 59C-1.040 (6), Florida Administrative Code. Hospital inpatient general psychiatric services should be available within a maximum ground travel time of 45 minutes under average travel conditions for at least 90 percent of the district's total population.

The travel time standard is met as it applies to District 7.

d. **Quality of Care Ch. 59C-1.040 (7), Florida Administrative Code.**

- (1) ***Compliance with Agency Standards.*** Hospital inpatient general psychiatric services for children and adolescents shall comply with the agency standards for program licensure described in Chapter 59A-3, Florida Administrative Code. Intensive residential treatment programs for children and adolescents with beds licensed as specialty hospital beds shall comply with the agency standards for program licensure described in Chapter 59A-3, Florida Administrative Code. Applicants who include a statement in their certificate of need application that they will meet applicable agency licensure standards are deemed to be in compliance with this provision.

The applicant affirms that it currently meets all applicable standards for licensure described in Chapter 59A-3, Florida Administrative Code and will continue to meet those standard upon approval of the proposed project. Refer to E. 4. b. below for discussion on quality of care.

- (2) ***Hospital Inpatient General Psychiatric Services for Children.*** As required by paragraph 394.4785(1)(b), Florida Statutes, facilities providing hospital inpatient general psychiatric services to children must have beds and common areas designated for children, which cannot be used by adults. Adolescents may be treated in the units designated for children. Adolescents may only be treated in units designated for adult hospital inpatient general psychiatric services if the admitting physician indicates that such placement is medically indicated, or for reasons of safety.

The applicant is an intensive residential treatment facility for children and adolescents and as such does not admit adults.

- (3) ***Continuity.*** Providers of hospital inpatient general psychiatric services shall also provide outpatient services, either directly or through written agreements with community outpatient mental health programs, such as local psychiatrists, local psychologists, community mental health programs, or other local mental health outpatient programs.

As previously discussed, UBC maintains a number of linkages within the community and throughout the state including Lakeside Alternatives for inpatient and outpatient mental health services; Vision Quest for community aftercare, pre-vocational, and vocational training; The Grove for outpatient mental health and

substance abuse counseling; Children's Home Society and Human Services Associates for mental health case management services; and area hospitals for inpatient acute medical, mental health, and substance abuse services. Refer the to the Supporting Materials section of the application for a complete list of Cooperative Services Agreements.

- (4) ***Screening Program.*** All facilities providing hospital inpatient general psychiatric services shall have a screening program to assess the most appropriate treatment for the patient. Patients with a dual diagnosis of a psychiatric disorder and substance abuse, shall be evaluated to determine the types of treatment needed, the appropriate treatment setting, and, if necessary, the appropriate sequence of treatment for the psychiatric and substance abuse disorders.

The applicant states that it has screening procedures in place to ensure that the most appropriate treatment is rendered to each patient. This includes linkage to emergency stabilization services, identification of need, linkage to ongoing services, continued care, and/or transfer and exit.

- e. **Services Description Ch. 59C-1.040(8), Florida Administrative Code.** An applicant for hospital inpatient general psychiatric services shall provide a detailed program description in its CON application including:

- (a) **age groups to be served;**

The applicant states that its facility generally serves patients ranging in age from seven to 17 years old, though most of its patients are between ages 13 to 17. The specific unit that is subject to this proposal will continue to house UBC's Changes Program, which is designed for females ages 12-17 with a history of psychological trauma.

- (b) **specialty programs to be provided;**

The applicant indicated that specialty programming at UBC would not change as a result of this project. In addition to the *Changes Program*, the applicant states that the facility also provides an adolescent sex abuse preventative program for juvenile sex

offenders, a general mental health inpatient program for children ages six through 12 called *Discovery Program*; and the *Solutions Program*, a general residential program for youths ages 12 through 17.

(c) proposed staffing including qualifications of the clinical director and specialty program staffing;

Schedule 6A shows that the applicant does not expect to add new staff with the proposed project. The facility will maintain a total of 149.70 FTE positions for the proposed 104-bed facility. The applicant is seeking to add 24 IRTF beds through the conversion of 30 DCF regulated group care beds. These 24 beds will continue to be housed in UBC's Changes Program. The table below reflects the staffing pattern for the unit that houses the Changes Program.

Changes Unit Staffing	
Position	FTEs
Program Director	1.0
RN	3.2
LPN	1.0
Mental Health Technician	13.7
Case Manager	0.8
Therapist	1.7
CD Counselor	0.4
Activities Therapist	0.8
Housekeeping	1.5
Total	24.0

Source: CON #9711, pg. 29.

(d) patient groups by primary diagnosis ICD 9 code that will be excluded from treatment;

The applicant does not anticipate excluding anyone from treatment based on diagnosis alone.

(e) therapeutic approaches to be used;

The applicant states that the program of care in the inpatient psychiatric program utilizes a variety of approaches appropriate to each program. Complete program descriptions for each of UBC's programs, including therapeutic approaches, are provided in the Supporting Materials section of the application.

(f) expected sources of patient referrals;

The sources of patient referrals will remain as it is for the existing program. The Supporting Materials section of the application contains a list of agencies that have cooperative service agreements with the applicant.

(g) expected average length of stay for discharges by age group;

According to the applicant, the average length of stay was 127.6 days in CY 2002.

(h) projected number of patient days by payer type, including Medicare, Medicaid, Baker Act, private insurance, self-pay and charity care patient days for the first two years of operation after completion of the project;

The following table relates to the applicant's projected number of patient days by payer type for the first two years of operation after the completion of the proposed project:

Payer	Year 1 Patient Days	Year 1 Percentage	Payer	Year 2 Patient Days	Year 2 Percentage
Self-pay	90	0.2%	Self-pay	90	0.2%
Other Managed Care	2,546	7.0%	Other Managed Care	2,590	7.2%
Other Payers	33,538	92.7%	Other Payers	33,538	92.6%

Source: CON # 9711, Schedule 7B

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

Refer to Section E.3.a (1) above and E.4.i. below for charity care discussion.

- f. A facility providing licensed hospital inpatient general psychiatric services seeking certificate of need approval for additional hospital inpatient general psychiatric beds, or a licensed intensive residential treatment program for children and adolescents seeking certificate of need approval in order to have the program beds licensed as specialty hospital beds, shall provide the following information in its certificate of need application in addition to the information required in subsection (8):**

1. Number of hospital inpatient general psychiatric services admissions and patient days or number of intensive residential treatment program admissions and patient days by age group and primary diagnosis ICD-9 code 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.

According to the applicant, UBC admitted 201 children/adolescents accounting for 25,511 patient days during calendar year (CY) 2002. The following table represents the number of patients at the facility and patient days by ICD-9 code.

Patients and Patient Days by ICD-9 Code

ICD-9	Patients	Patient Days
293.83	1	45
295. 3	3	273
295. 38	1	14
295. 7	19	2,354
296.2	6	355
296.23	1	14
296.3	1	80
296.33	1	167
296.5	4	267
296.6	5	711
296.7	38	5,667
296.82	2	314
296.89	1	56
300.02	1	37
307.01	2	9
309.81	28	3,208
311	4	669
312.3	14	2,013
312.34	2	390
312.9	10	1,369
313.81	2	358
313.89	1	190
314.01	50	6,449

Source: CON # 9711, pg. 32.

The table below represents the patient days by age group:

**Number of Patients and Patient Days by Age
CY 2002**

Age	# of Patients	Patients Days
7	2	497
8	1	49
9	2	297
10	9	1,002
11	10	1,060
12	18	2,730
13	29	3,403
14	31	3,984
15	27	3,760
16	40	5,851
17	32	2,878
TOTAL	201	25,511

Source: CON # 9711, pg. 31.

2. **Number of hospital inpatient general psychiatric services patient days or intensive residential treatment program patient days by payer type, including Medicare, Medicaid, Baker Act, 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.**

The applicant provided the following table in response to this criterion:

**Patient Days and Gross Revenue by Payer
CY 2002**

Payer	Days	Gross Revenue
DCF	6,970	\$3,485,000
SIPP	15,481	\$7,740, 500
PPOs	678	\$ 338,000
Commercial Insurance	246	\$ 124,000
Washington DC	1,425	\$ 712,500
North Carolina	437	\$ 218,500
Georgia	103	\$ 51,500
Brown Schools	35	\$ 17,500
YMCA	74	\$ 37,000
Private Pay	62	\$ 31,000

Source: CON #9711, pg. 32.

3. **Gross revenues by payer 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.**

Refer to the table in 3.f (2) above for applicant's gross revenue by payer source.

- 4. Patient days by primary diagnosis ICD-9 code 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.**

Refer to the table in 3.f (1) above for applicant's patient days by primary diagnosis ICD-9 code.

- 5. Current Staffing.**

Refer to Section 3.e. (c) above.

- 6. Current specialized treatment programs (e.g. eating disorders, stress management, autism).**

See above response to specialty programs offered at UBC in Section 3.e (b).

- g. Quarterly Reports Ch. 59C-1.040 (10), Florida Administrative Code. Facilities providing licensed hospital inpatient general psychiatric services, including facilities with intensive residential treatment program beds for children and adolescents licensed as specialty hospital beds, shall report to the agency or its designee, within 45 days after the end of each calendar quarter, the number of hospital inpatient general psychiatric services admissions and patient days by age and primary diagnosis ICD 9 code.**

The applicant states it will continue to comply with this provision.

- 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, and Ch. 59C-1.030 and 59C-1.040, Florida Administrative Code.**

The applicant is responding to a published need for additional children and adolescent psychiatric beds. Although the Agency published need for 57 additional children and adolescent psychiatric beds, which include need for IRTF beds, the applicant is seeking to add 24 IRTF beds to its existing 80 IRTF beds, creating a 104-bed inpatient facility.

District 7 had a total of 40 licensed child/adolescent beds and 210 Intensive Residential Treatment Facility (IRTF) beds, which experienced an occupancy rate of 87.84 percent during the period January through December 2002. The applicant operates one of three IRTF facilities in the service area and experienced an occupancy rate of 99.94 percent during the same period of time.

The following table indicates the facilities that have child/adolescent beds as well as intensive residential treatment facility beds and their respective utilization rates for CY 2002:

**District 7; CY 2002
Utilization of Child/Adolescent Psychiatric Beds & IRTF Beds**

Facility	Bed Type	# of Beds	Pt. Days	ADC	Occupancy
University Behavioral Center**	IRTF	70	25,535	70.0	99.94%
Devereux Hospital	IRTF	100	35,287	96.7	96.68%
Florida Hospital -Orlando	General	16	3,762	10.3	64.42%
La Amistad	IRTF	40	11,845	32.5	81.13%
South Seminole Hospital	General	24	3,725	10.2	42.52%
TOTAL		250	80,154	219.6	87.84%

Source: AHCA's publication *Florida Hospital Bed and Service Utilization by District for the July 2003 Batching Cycle*.

**University Behavioral Center added 10 IRTF beds in January 2003 via CON exemption #020022, bringing its currently AHCA licensed capacity to 80 IRTF beds.

The applicant states that in response to a growing demand for more intensive treatment modalities among the DCF client population, UBC restructured to make the additional beds available for IRTF services beginning in April 2003. This space now operates as a locked unit with a primary focus on the facility's adolescent female trauma program according to the applicant. In conjunction with this change, the operating capacity of the unit is limited to no more than 24 beds.

The applicant states that it has waiting lists for existing beds and projected utilization rate for years one and two of operation following implementation of the proposed project are 95.3 and 95.4 percent respectively, with no month reaching 100 percent occupancy. As noted earlier, the Agency published need for 57 beds and the applicant is seeking to establish fewer than one-half of the beds published as needed. This is due to the limited operating capacity of the unit as mentioned in the above paragraph.

Efficiency and delivery of services would be improved as a result of this project. The applicant indicates that by no longer having to comply with the requirements, standards and surveys of two separate Agencies (AHCA and DCF), it estimates that it will save approximately \$5,000 per year in administrative costs. In addition, this project will allow UBC to admit additional patients, particularly managed care and out of state patients, whose third party payers require hospital licensure for their patients. This project will not require additional staff, thereby increasing operating efficiency on a per patient day basis at the facility.

Refer to E. 4. b. below for a discussion on the quality of care provided by the applicant.

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

The applicant is JCAHO accredited and a copy of its JCAHO accreditation and is included in Supporting Materials section of the application.

According to AHCA data, the applicant had no confirmed complaints during the last three years.

The applicant has a history of providing quality of care and has demonstrated the ability of providing quality care.

- 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 DCF Districts 2, 3, and 13 have no IRTF located within their areas, and often use UBC when needed and when beds are available.

- 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.**

The proposed project is not to be located in a research or teaching hospital nor will the primary purpose of the project involve research or physician education. Nevertheless, the applicant maintains that it will have a positive affect upon the clinical needs of health professional training programs in the service area by supporting opportunities for clinical rotations for nursing students and nurse's aides. The applicant

also states that it has agreements with a number of educational institutions to provide clinical training sites for their students. However, the applicant did not provide copies of these agreements.

- e. **What resources, including health manpower, management personnel, and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.035(6), Florida Statutes.**

The audited financial statements of Orlando HMA, Inc. for the periods ending September 30, 2002 and 2001 were analyzed for the purpose of evaluating the applicant's ability to provide the capital and operational funding necessary to implement the project.

	09/30/2002	09/30/2001
Current Assets	\$ 1,326,881	\$ 1,093,149
Cash and Current Investment	\$ 8,584	\$ 4,748
Assets Restricted for Capital Projects	\$ 0	\$ 0
Total Assets	\$ 9,780,113	\$ 9,674,493
Current Liabilities	\$ 801,717	\$ 745,782
Total Liabilities	\$ 2,733,938	\$ 3,156,736
Total Equity	\$ 7,046,175	\$ 6,517,757
Net Operating Revenues	\$ 9,873,266	\$ 8,358,641
Interest Expense	\$ 0	\$ 0
Net Profit - Operations	\$ 869,824	\$ 353,260
Net Income	\$ 528,418	\$ 214,605
Cash Flow from Operations	\$ 775,075	\$ 737,604
Working Capital	\$ 525,164	347,367
Current Ratio (CA/CL)	1.7	1.5
Cash Flow to Current Liabilities (CFO/CL)	0.97	0.99
Long-Term Debt to Equity (TL-CL/TE)	0.3	0.4
Times Interest Earned (NPO+Int/Int)	-	-
Equity to Total Assets (TE/TA)	72.0%	67.4%
Operating Margin (NPO/NOR)	8.8%	4.2%
Total Margin (NI/NOR)	5.4%	2.6%
Return on Assets (NI/TA)	8.9%	3.7%
Operating Cash Flow to Assets (CFO/TA)	7.9%	7.6%

The applicant is a wholly owned subsidiary of Health Management Associates, Inc. Cash receipts and disbursements are processed through the parent's centralized cash management system, which includes maintaining separate zero balance receiving and disbursing bank accounts.

Short-term position:

The applicant's current ratio of 1.7 is below the median of Florida hospitals. However, this is the result of carrying cash balances on the books of the parent. The ratio of cash flow to current liabilities of 0.97 is above average. Overall, the applicant has a good short-term position.

Long-term position:

The ratio of long-term debt to equity of 0.3 is above average. Long-term debt consists of an inter-company receivable. The ratio of operating cash flows to assets of 7.9 percent is average. The most recent year had a profit from operations of \$869,824, resulting in a margin ratio of 8.8 percent, which is above the average level. Total equity is \$7.0 million with a ratio of equity to total assets of 72.0 percent. Overall, the applicant has a good long-term position.

Capital requirements:

Schedule 2 indicates the applicant has capital projects totaling \$1.0 million.

Available capital:

The applicant stated that funding for the project would come from cash flows, which was \$775,075 for the year ended September 30, 2002.

Conclusion:

Funding for this project and all capital projects should be available as needed.

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

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 2001; the applicant will be compared to the hospitals in peer group 13. Per Diem rates are projected to increase by an average of 3.6 percent per year. Inflation adjustments were based on the 3rd Quarter 2002 New CMS Hospital Market Basket Index.

Projected net revenue per adjusted patient day (NRAPD) of \$316 in year one and \$327 in year two is between the control group median and highest values of \$187 and \$508 in year one and \$193 and \$525 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). Actual NRAPD reported by University Behavioral Center for 2001 was \$51, between the lowest and median values reported of \$49 and \$242.

Projected cost per adjusted patient day of \$288 in year one and \$298 in year two is between the group median and highest values of \$184 and \$605 in year one and \$190 and \$624 in year two. Compared to the control group these costs are efficient. (See Comparative Table). Actual cost per adjusted patient day reported for 2001 was \$37, between the lowest and median values reported of \$35 and \$243.

The year two operating profit for the hospital of \$1.3 million computes to an operating margin per adjusted patient day of \$29 which is between the control group median and highest level of \$10 and \$66. The computed operating margin ratio is 8.8 percent.

This project appears financially feasible.

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Comparative Table

CON # 9711 Orlando HMA, Inc. 2001 DATA Peer Group 13	2006	YEAR 2	VALUES ADJUSTED		
	YEAR 2	ACTIVITY	FOR INFLATION		
	ACTIVITY	PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	20,312,679	443	1,218	195	95
INPATIENT AMBULATORY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES	0	0	0	0	0
OUTPATIENT SERVICES	5,385,311	117	4	0	0
OTHER OPERATING REVENUE	27,214	1	5	1	0
TOTAL REVENUE	25,725,204	561	1,223	195	100
DEDUCTIONS FROM REVENUE	10,734,290	234	*	*	*
NET REVENUES	14,990,914	327	525	193	60
EXPENSES					
ROUTINE	4,599,284	100	330	84	21
ANCILLARY	850,474	19	18	3	0
AMBULATORY	2,008,061				
OVERHEAD	6,217,667	136	295	88	21
OTHER	0	0			
TOTAL EXPENSES	13,675,486	298	624	190	44
OPERATING INCOME	1,315,428	29	66	10	-40
		8.8%			
PATIENT DAYS	36,218		VALUES NOT ADJUSTED		
ADJUSTED PATIENT DAYS	45,869		FOR INFLATION		
TOTAL BED DAYS AVAILABLE	37,960				
ADJ. FACTOR	0.7896				
TOTAL NUMBER OF BEDS	104				
PERCENT OCCUPANCY	95.4%		97.6%	93.7%	86.0%
PAYER TYPE		PATIENT DAYS % TOTAL			
MEDICARE		0 0.0%	0.0%	0.0%	0.0%
COMMERCIAL		0 0.0%			
MEDICAID		0 0.0%	0.0%	0.0%	0.0%
PRIVATE		90 0.2%			
HMO/PPO		2,590 7.2%	28.3%	5.6%	0.0%
OTHER		33,538 92.6%			
TOTAL		36,218 100.0%			

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

The applicant forecasts managed care levels at 7.2 percent, between the median and highest level of the control group of 5.6 and 28.3 percent. This level, if realized, will not have a significant impact on competition to promote quality assurance and cost-effectiveness. The actual level of managed care reported by this hospital for 2001 was 16.5 percent.

h. Are the proposed costs and methods of construction reasonable? ss. 408.035(10), Florida Statutes; Ch. 59A-3 or 59A-4, Florida Administrative Code.

The applicant proposes to convert existing bed space under the jurisdiction of the Department of Children and Families to become 24 Intensive Residential Treatment Facility beds. The spaces in question will consist of 11 semi-private and two private patient rooms.

The applicant is slightly in error in that it will be a Class III instead of Class IV hospital under the new version of Chapter 59A-3, Florida Administrative Code which has not been repromulgated as of October 2003, but will be sometime in the near future. This is not a negative issue in any way.

Since this is already a specialty hospital, and the ancillary spaces exist, there is almost no construction required to implement the conversion. Much of the budget is allocated for contingency issues and therefore, it appears quite reasonable. The time schedule is seems quite adequate for a conversion of this limited nature.

It is required that schematic drawings be submitted as part of the CON application. Although the drawings for this proposal may be more advanced than required, they have been reviewed as schematics with the expectation that they will necessarily be revised and refined during the design development (preliminary) and contract document stages. The architectural review of the application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the owner.

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.

Refer to discussion in Section E.3.a (1) above.

The applicant contends that the facility delivered 44 percent of its total patient days in its FY 2002 under the SIPP program. It also maintains that it provided an additional 37 percent of its total patient days in FYE 2002 under its direct DCF contract. The applicant contends that in 2002, it had \$5,620,264, or 50.1 percent, of write-offs attributable to the care of indigent patients. Even though the applicant is not proposing any additional Medicaid or indigent care condition associated with this

project, it anticipates that well over 50 percent of its total patient days in the future will be provided to indigent State of Florida children and adolescents.

F. SUMMARY

Orlando H.M.A, Inc., d/b/a University Behavioral Center (CON #9711) proposes to add 24 Intensive Residential Treatment Facility (IRTF) beds via the conversion of 30 Department of Children & Families (DCF) regulated group care beds. The total project cost is estimated at \$63,870 and no construction costs are involved.

The *Certificate of Need Predicated on Conditions* page indicates that the applicant does not wish to accept any conditions.

Need:

A fixed need pool of 57 beds was published for additional children and adolescent psychiatric beds in District 7. The applicant indicates that it is applying in response to the fixed need.

Quality of Care:

The applicant is JCAHO accredited and a quality care provider.

Medicaid/Indigent Care

The vast majority of the applicant's admissions and patient's days are generated through contracts with the State of Florida, either through DCF or the Medicaid SIPP program. University Behavioral Center currently contracts to make 46 beds available to Medicaid patients. These patients accounted for 44 percent of the facility's patient days for FY 2002.

Financial/Cost:

Overall, the applicant has a good short-term and long-term position. Funding for this project and all capital projects should be available as needed. This project appears financially feasible. The project will not have a significant impact have minimal impact on competition to promote quality assurance and cost-effectiveness.

Architectural:

There is almost no construction required to implement the conversion since the facility is already a specialty hospital and the ancillary spaces are existing. Much of the budget is allocated for contingency issues and therefore, it appears quite reasonable. The time schedule is seems quite adequate for a conversion of this limited nature.

G. RECOMMENDATION

Approve CON #9711 to add 24 Intensive Residential Treatment Beds (IRTF) to the existing 80 IRTF beds at University Behavioral Center. The project involves no construction. Project costs total \$63,870.

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**

Jeffery N. Gregg
Chief, Bureau of Health Facility Regulation