STATE AGENCY ACTION REPORT

ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Public Health Trust of Miami-Dade County, Florida/CON #9724
d/b/a Jackson Memorial Hospital
1611 N.W. 12th Avenue
Miami, Florida 33136-1096

Authorized Representative: Jack P. Hartog
Assistant County Attorney
(305) 585-1313

Variety Children's Hospital, Inc./CON #9725
d/b/a Miami Children's Hospital
3100 S.W. 62nd Avenue
Miami, Florida 33155

Authorized Representative: Thomas M. Rozek, President/CEO
(305) 666-6511

South Miami Hospital, Inc./CON #9726
d/b/a South Miami Hospital
6855 Red Road, Suite 600
Coral Gables, Florida 33143

Authorized Representative: Ana Lopez-Blazquez
(305) 662-7000

2. Service District/County

District 11, Miami-Dade and Monroe Counties

B. PUBLIC HEARING

Public hearings were not requested on any of the co-batched projects to add or establish Level III neonatal intensive care unit (NICU) beds in District 11. However, each applicant submitted letters of support for its project:

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): Letters of support were received from John S. Curran, M.D. (CMS Neonatal Consult), Lillian Rivera, RN, MSN (Administrator for Miami-Dade County Health Department), Brodes H. Hartley, President/CEO (CHI), Caleb A. Davis, President/CEO (Helen B. Bentley Family Health Center), Alexandria Douglas-Bartolone, Executive Director (Alliance For Human Services), and Kathryn Abbate, M.H.A, Executive Director (Miami Beach Community Health Center, Inc.).

The majority of the letters state that an increase in NICU beds at Jackson Memorial Hospital is needed in order to serve a burgeoning volume of high-risk pregnancies and neonates in need of specialized care. The support letters further state that the increased bed capacity will enable the applicant to respond to the growing number of uninsured patients along with others who rely on Jackson Memorial's health care services.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): The applicant provided 23 letters of support for its proposed project from the following: nine letters were from area physicians, including seven from Miami Children's Hospital; a letter was also received from Lincoln Mendez, CEO (HEALTHSOUTH Doctors' Hospital); Ronald Bierman, Executive Director (Lower Keys Medical Center); Roberto Tejidor, CEO (Pan American Hospital); Janet Livingston, Administrator of Children Services (Arnold Palmer Hospital); John Matuska, President & CEO (Mercy Hospital); Steven Sonereich, President & CEO (Mount Sinai Medical Center & Miami Heart Institute); Victor Maya, CEO (Kendall Regional Medical Center); and Anthony Degina, Jr., CEO (Plantation General Hospital). Six letters of support included in the application contained personal accounts from relatives of infants who received NICU services from Miami Children's Hospital.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): A total of 390 letters of support were received from local area citizens, former patients and their families, area physicians, local political leaders, and various health care personnel. All of the letters endorsed the proposed establishment of a Level III NICU program at South Miami Hospital. The majority of letters written by former patients and/or their family members discussed the psychological trauma and additional stress they experienced when their newborns had to be transferred to different facilities that provided Level III services.

In addition to the letters of support provided by the applicant, the Agency independently received a letter from Nancy Burke, Nurse Clinician at South Miami Hospital's NICU. She discussed the effects on infants when they are transported to another facility. She stated that a Level III NICU at South Miami Hospital would allow the infants to receive optimal care and avoid unnecessary risks associated with transport.

C. PROJECT SUMMARY

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): Jackson Memorial Hospital (JMH), owned and operated by Public Health Trust of Miami-Dade County, Florida, is an accredited, non-profit, quaternary and tertiary care hospital. In operation since 1918, JMH is the only public hospital of a government entity in Miami-Dade County and the largest teaching hospital in the state. The 1,498-bed facility consists of 1,053 acute care beds, 60 Level II NICU beds, 66 Level III NICU beds, 180 adult psychiatric beds, 44 child/adolescent psychiatric beds, 15 adult substance abuse beds, 80 rehabilitation beds, and five burn unit beds. The applicant proposes to add 10 beds to its existing Level III NICU via delicensure of five Level II NICU beds at Jackson Memorial North and the addition of five new beds to the inventory and its licensed bed capacity. The neonatology unit is located in the Holtz Children's Hospital, University of Miami-Jackson Memorial Hospital Medical Center (which is within JMH's campus).

According to the applicant's *Certificate of Need Predicated on Conditions* page, JMH is a public hospital under the government entity of Miami-Dade County as the Public Health Trust and must provide all services without regard to an individual's ability to pay. This mission is further extended specifically into the Regional Perinatal Intensive Care Center (RPICC) Program. Therefore, the applicant contends that conditions are not relevant to this proposal. The proposed project cost is estimated to be $2,922,878. Renovation costs are projected at $1,449,000 and the project will involve 3,081 gross square feet (GSF) of renovated space.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): Miami Children's Hospital (MCH) is the only licensed specialty hospital providing services exclusively for infants and children in South Florida and is one of six state-designated children's specialty hospitals in Florida. The facility consists of 268 inpatient beds, including 218 acute care beds, seven Level II NICU beds, 23 Level III NICU beds, and 20 child/adolescent psychiatric beds. The applicant proposes to add eight beds to its existing Level III NICU at Miami Children's Hospital through the conversion of eight of its existing acute care beds.

According to the applicant's *Certificate of Need Predicated on Conditions* page, it will set aside a minimum of 35 percent of its Level III NICU patient days to Medicaid/charity care patients. The proposed project cost is estimated to be $872,967. Renovation costs are projected at $224,250 and the project will involve 1,250 gross square feet (GSF) of renovated space.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): South Miami Hospital, Inc. proposes to establish a six-bed Level III NICU through the conversion of six existing Level II NICU beds at South Miami Hospital (SMH) located in District 11, Miami-Dade County. The hospital is a 445-bed Class I, not-for-profit community hospital currently licensed for 341 acute care beds, 23 Level II NICU beds, 48 adult substance abuse beds, and 33 comprehensive medical rehabilitation beds. The applicant is an operating division of Baptist Health Systems of South Florida, which also includes Baptist Hospital of Miami, Homestead Hospital, and Mariners Hospital. The proposed project involves a total cost of $532,039, which includes $326,250 in renovation costs and 1,740 gross square feet (GSF) of renovation space.

According to the applicant's *Certificate of Need Predicated on Conditions* page, it will set aside a minimum of 30 percent of its Level III NICU patient days to Medicaid, Medicaid HMO, and charity patients combined. In addition, the applicant offers 10 conditions it is willing to accept upon approval of the proposed project. These conditions are:

(1) A board-certified or board-eligible neonatologist on call, in house, 24 hours a day, seven days a week.
(2) Maintenance of NRP (neonatal resuscitation program) certification and re-certification every two years for all attending neonatologists.
(3) Demonstration of 24-hour availability of perinatologist and pediatric sub-specialists in the areas of surgery, anesthesia, cardiology, ophthalmology.
(4) Annual review by a neonatologist of nursing policies and procedures relevant to the delivery of nursing care to high-risk newborns.
(5) Participation in continuous outcome monitoring of all infants admitted and cared for in its neonatal intensive care unit, to include major categories of morbidity as well as mortality.
(6) Maintenance of a developmental follow-up clinic to analyze and report long-term outcomes as well as short-term outcomes identified in #5, above.
(7) Participation of the applicant's attending neonatologists in a quality assurance peer review program to include quarterly review of the above-mentioned outcome statistics identified in #5 and #6, above.
(8) To quarterly file with AHCA the information requested on State of Florida forms titled "Infant Demographics and Outcomes, Level II and Level III NICUs, pages 1 through 4. The data submitted would be an aggregate of the patients treated in the South Miami Hospital Level III NICU during the quarter.
(9) An annual morbidity and mortality review of the hospital's Level III NICU by a board-certified neonatologist, on staff at one of Florida's RPICC centers.
(10) That should AHCA determine, from the outcome monitoring and statistical review data provided, that the morbidity and mortality levels for the Level III NICU patient population served by the applicant is significantly above the levels of other Level III programs in Florida, as adjusted for consideration of relevant risk factors in the patient populations, or if the applicant fails to comply with the reporting and monitoring conditions set forth above, the AHCA may issue its notice of intent to revoke the CON by serving an administrative complaint upon the applicant, pursuant to Section 120.60(5), Florida Statutes (2002), providing the applicant with reasonable notice of facts or conduct which warrant the intended action, and providing the applicant an adequate opportunity to request a proceeding pursuant to Section 120.569 and 120.57, Florida Statutes (2002).

The proposed project cost is estimated to be $532,039. Renovation costs are projected at $326,250 and the project will involve 1,740 gross square feet (GSF) of renovated space.

The chart below provides a listing of the number of beds and the type of addition requested, the total number of Level III beds proposed, project costs and the commitment each applicant has made to the medically indigent population for comparison:

Co-batched Applicant Proposed Costs, Number of Beds, Conversions and Commitments to Medically Indigent

Applicant (CON #)	# Beds Requested	Proposed Conversion & Bed Occupancy*	Type of Addition	Total # Level III Beds Proposed	Total Costs	GSF/ Construction Costs	Percent Commitment to Medically Indigent
Public Health Trust/ Jackson (#9724)	10	5 Level II NICU beds at 0% at Jackson North. No acute, acute occupancy 71.41% in 1,053 beds	10-bed addition to 66-bed unit	76	$2,922,878	3,081 GSF $1,449,000	Required to serve this population/ No percentage necessary - 76 beds
Variety/ Miami Children's (#9725)	8	8 acute at 61.10% in 218 acute beds	8-bed addition to 23-bed unit	31	$ 872,967	1,250 GSF $224,250	35% in 31 beds
South Miami Hospital (#9726)	6	6 Level II at 76.92% in 23 Level II beds- No acute, acute occupancy 59.92% in 341 beds	New 6-bed Level III unit	6	$ 532,039	1,740GSF $326,250	30% in 6 beds

Source: CON applications and *Florida Hospital Bed Need Projections, July 2003 Batching Cycle* published July 25, 2003.
*** Occupancy during 12-month period January 2002 through December 2002.**

Discussion on the relative value of information listed is provided below in sections E and F of this comparative review.

D. REVIEW PROCEDURE

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

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

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

As part of the fact-finding, the consultant, 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.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

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

The fixed need bed pool published in Volume 29, Number 30 of the Florida Administrative Weekly dated July 25, 2003, shows a need for 10 additional Level III NICU beds in District 11.

As of July 25, 2003, District 11 had 106 licensed Level III neonatal intensive care beds and two approved Level III beds. AHCA's publication, *Florida Hospital Bed and Service Utilization Data by District, July 2003 Batching Cycle*, reported that the 106 Level III NICU beds in District 11 experienced an occupancy rate of 88.92 percent during the period January 2002 through December 2002. The following table reflects the utilization data for Level III NICU beds in District 11.

Quarterly Utilization of District 11
Level III NICU Beds
01/2002—06/2002

	Jan-March 2002				April-June 2002			
Facility	**Lic. Beds**	**Total Bed days**	**Rptd. Pt. Days**	**Occupancy %**	**Lic. Beds**	**Total Bed days**	**Rptd. Pt. Days**	**Occupancy %**
Jackson Memorial Hospital	66	5,940	4,549	76.58%	66	6,006	4,674	77.82%
Miami Children's Hospital	23	2,070	1,817	87.78%	23	2,093	1,742	83.23%
Mt. Sinai Medical Center**	5	450	235	52.22%	5	455	185	40.66%
North Shore Medical Ctr.	5	450	258	57.33%	5	455	391	85.93%
Baptist Hospital of Miami	7	630	426	67.62%	7	637	905	142.07%
District 11 Total/Average	**106**	**9,540**	**7,285**	**76.36%**	**106**	**9,646**	**7,897**	**81.87%**

Source: AHCA's publication, *Florida Hospital Bed and Service Utilization Data by District, July 2003 Batching Cycle.*
**** Licensed December 11, 2001**

Quarterly Utilization of District 11
Level III NICU Beds
07/2002—12/2002

	July-Sept. 2002				Oct.-Dec. 2002			
Facility	**Lic. Beds**	**Total Bed days**	**Rptd. Pt. Days**	**Occupancy %**	**Lic. Beds**	**Total Bed days**	**Rptd. Pt. Days**	**Occupancy %**
Jackson Memorial Hospital	66	6,072	5,283	87.01%	66	6,072	5,239	86.28%
Miami Children's Hospital	23	2,116	2,877	135.96%	23	2,116	2,747	129.82%
Mt. Sinai Medical Center**	5	460	109	23.70%	5	460	222	48.26%
North Shore Medical Ctr.	5	460	449	97.61%	5	460	395	85.87%
Baptist Hospital of Miami	7	644	997	154.81%	7	644	902	140.06%
District 11 Total/Average	**106**	**9,752**	**9,715**	**99.62%**	**106**	**9,752**	**9,505**	**97.47%**

Source: AHCA's publication, *Florida Hospital Bed and Service Utilization Data by District, July 2003 Batching Cycle.*
**** Licensed December 11, 2001**

District 11 Level III NICU Utilization
January 2002 through December 2002

	12 MONTH TOTAL (July 2001-June 2002)		
Facility	**Total Bed Days**	**Total Patient Days**	**Occupancy %**
Jackson Memorial Hospital	24,090	19,745	81.96%
Miami Children's Hospital	8,395	9,183	109.39%
Mt. Sinai Medical Center**	1,825	751	41.15%
North Shore Medical Ctr.	1,825	1,493	81.81%
Baptist Hospital of Miami	2,555	3,230	126.42%
District 11 Total/Average	**38,690**	**34,402**	**88.92%**

Source: AHCA's publication, *Florida Hospital Bed and Service Utilization Data by District, July 2003 Batching Cycle.*
**** Licensed December 11, 2001**

The fixed need pool has been challenged by Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital and is pending an administrative hearing. Variety Children's Hospital, Inc. believes that the fixed need pool should be for zero, rather than 10, Level III NICU beds. However, the Agency determined that the calculations were correct based on reported data.

b. Regardless of whether bed need is shown under the need formula, the establishment of new Level III neonatal intensive care unit beds within a district shall not normally be approved unless the average occupancy rate for Level III beds in the district equals or exceeds 80 percent for the most recent 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed need pool. Ch. 59C-1.042(3)(f), Florida Administrative Code.

As stated above, the 106 Level III NICU beds in District 11 experienced an occupancy rate of 88.92 percent for the January 2002 through December 2002 reporting period.

c. Conversion of Underutilized Acute Care Beds. New Level II or Level III neonatal intensive care unit beds shall normally be approved only if the applicant converts a number of acute care beds as defined in Rule 59C-1.038, excluding specialty beds, which is equal to the number of Level II or Level III beds proposed, unless the applicant can reasonably project an occupancy rate of 75 percent for the applicable planning horizon, based on historical utilization patterns, for all acute care beds, excluding specialty beds. If the conversion of the number of acute care beds which equals the number of proposed Level II or Level III beds would result in an acute care occupancy exceeding 75 percent for the applicable planning horizon, the applicant shall only be required to convert the number of beds necessary to achieve a projected 75 percent acute care occupancy for the applicable planning horizon, excluding specialty beds.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): The occupancy for the applicant's 1,053 acute care beds was 71.41 percent from January 2002 through December 2002. The applicant states that the forecast for the hospital's acute care patient days will exceed 75 percent during the second year of operation with the addition of the 10 Level III NICU beds. Hence, the applicant is not proposing to convert any acute care beds. The applicant presented the following table illustrating its projected acute care utilization for the planning horizon:

Forecast of Acute Care Patient Days at JMH and Corresponding Occupancy Rates

Factor	1999	2000	2001	2002	CAGR
District 11 Population	2,299,264	2,341,413	2,374,491	2,405,258	1.51%
Patient Days	255,594	264,271	271,494	274,457	2.40%
Bed Days	384,345	385,398	384,345	384,345	
Occupancy	66.50%	68.57%	70.64%	71.41%	
Forecast	**2003**	**2004**	**2005**	**2006**	**CAGR**
Patient Days (pop. growth)	278,611	282,828	287,109	291,455	1.51%
Occupancy	**72.49%**	**73.39%**	**74.70%**	**75.83%**	
Patient Days (hosp. growth)	281,049	287,800	294,712	301,791	2.40%
Occupancy	**73.12%**	**74.68%**	**76.68%**	**78.52%**	
Bed Days	384,345	385,398	384,345	384,345	384,345

Source: CON #9724 application; page 3-6.

The planning horizon for this cycle is January 2006 and the applicant has reasonably demonstrated that it can expect to reach the 75 percent average occupancy rate as specified by rule. Additionally, in order to promote health planning initiatives, the applicant states that it will delicense five of its underutilized Level II NICU beds at Jackson Memorial North.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): The occupancy for the applicant's 218 acute care beds was 60.1 percent for CY 2002. The applicant is proposing that the additional NICU III beds will be created through the conversion of eight underutilized acute care beds.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): Although the occupancy in the applicant's 341 acute beds was 59.92 percent from January 2002 through December 2002, the applicant is not proposing to convert acute care beds. Rather, it is proposing to convert six of its 23 Level II NICU beds. The applicant's 23 Level II NICU beds experienced a 12-month occupancy of 76.92 percent from January 2002 through December 2002.

c. **Special Circumstances for the Approval of Additional Neonatal Intensive Care Unit Beds at Existing Providers, Ch. 59C-1.042(3)(g), Florida Administrative Code - Need for additional Level III neonatal intensive care beds at hospitals with Level III neonatal intensive care services seeking additional Level III beds is demonstrated in the absence of need shown under the formula specified in paragraph (3)(e) of this rule if the occupancy rate for their Level III beds exceeded an average of 90 percent as computed by the agency for the same period specified in subparagraph (3)(e)2.**

Although need is shown under the formula specified in paragraph (3)(e) of Rule 59C-1.042, Florida Administrative Code, and special circumstances as noted above is not applicable to this review, Variety Children's Hospital has challenged the fixed need pool, claiming that it should be zero and so believes it should address this special circumstance criterion. However, as discussed in detail under E. 4.a. below, Variety believes the fixed need pool is based on increased occupancy at Miami Children's Hospital. Out of the two co-batch applicants with existing Level III programs in District 11 (JMH and MCH), Miami Children's Hospital was the only facility to have an annual occupancy rate exceeding 90 percent for the specified period (January 2002 through December 2002). However, Variety Children's Hospital is not seeking to add beds in addition to those published as needed 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 11 July 2003 CON Allocation Factors Report provides the following generic preferences in the review of all CON applications:

(1) Applicants who provided the highest proportion of charity care and Medicaid days during the past fiscal year for which reimbursement was received through Florida's "Disproportionate Share Program" of the Public Medical Assistance Trust Fund.

The following table provides an indication of the co-batched applicant's facility-wide commitment to charity and Medicaid, with comparison to the district, based on fiscal year (FY) 2001 actual data prepared by AHCA:

Facility-Wide Medicaid & Charity Care of the Co-Applicants Compared to the District FY 2001

Applicant	Conventional M'caid Days	Charity Charges
Jackson Memorial Hosp.	35.78%	30.4%
Children's Med. Ctr.	42.72%	1.5%
South Miami Hosp.	4.32%	0.7%
District 11 Weighted Avg.	12.87%	3.1%

Source: FY 2001 Actual Data/AHCA

The following table provides an indication of the co-batched applicant's commitment to charity and Medicaid compared to the district total based on number of cases in DRGs 385-389 provided by facilities with a Level II and/or Level III NICU program.

Number of Cases in DRGs 385-389
by Payer for the Co-Batched Applicants
FY 2002

Payer	JMH	%	MCH	%	SMH	%	Dist. 11	%
M'caid	1,007	67.40%	230	49.89%	133	20.15%	2,376	44.54%
M'caid HMO	92	6.16%	24	5.21%	33	5.0%	322	6.04%
Insurance	48	3.21%	49	10.63%	39	5.91%	280	5.25%
HMO	117	7.83%	122	26.46%	258	39.1%	1,221	22.89%
PPO	22	1.47%	0	0%	176	26.67%	684	12.8%
Champus	2	0.13%	26	5.64%	0	0.00%	32	0.6%
Other Gov.	2	0.13%	0	0%	1	0.15%	7	0.13%
Self Pay	4	0.27%	9	1.95%	20	3.03%	148	2.77%
Other	3	0.20%	1	0.22%	0	0.00%	4	0.07%
Charity	197	13.19%	0	0.00%	0	0.00%	261	4.89%
Total	1,494	100%	461	100%	660	100%	5,335	100%

SOURCE: Data from AHCA's *Patient Data Discharge File*, 01/01/2002-12/31/2002.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): As reflected in both tables, JMH's facility-wide provision of Medicaid and charity care exceeds the district average. In fact, its charity care is the highest of the co-batched applicants, both facility-wide and neonatal care. The applicant is the Regional Perinatal Intensive Care Center (RPICC) for District 11 and provides a high level of indigent care.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): As reflected in the table, Miami Children's Hospital's facility-wide provision of Medicaid exceeds the district average and is the highest out of the co-batched applicants however, its charity care is lower than the district average. Its provision of Medicaid for DRGs 385-389 exceeded the district average however, its charity care was lower. As a designated public hospital, MCH is a high indigent care provider. As a condition of this application, the applicant commits that at least 35 percent of the Level III NICU days will be provided to Medicaid/charity care patients combined.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) proposes to condition the approval of this project for the provision of at least 30 percent of patient days in the proposed Level III NICU to Medicaid/charity/Medicaid HMO patients combined. As reflected in the table, South Miami Hospital's provision of facility-wide Medicaid and charity care is substantially lower than the district average and is the lowest of the co-batched applicants. In addition, its provision of Medicaid and charity care for DRGs 385-389 was also substantially lower than the district average and is the lowest of the co-batched applicants. The applicant is not a high indigent care provider even though it operates a 23-bed Level II NICU.

(2) Preference shall be given to applicants who address health professional staff shortages, particularly for nurses and allied health professionals.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): JMH is a statutorily designated teaching hospital and is affiliated with the University of Miami School of Medicine. This affiliation provides both teaching and research, and affords clinical experience in a variety of medical, nursing, and ancillary support services. Therefore, the hospital plays a vital role in providing the industry with medical professionals.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) states that although it does not expect to have to recruit additional nursing or other health care professionals for this project, it does take an active role in several programs specifically designed to address the health manpower shortages. MCH has developed the "Day in the Life of a Nurse" program for Miami-Dade County, which makes it possible for high school students to spend time with RNs in order to better understand the skills needed for a successful career in nursing. MCH also offers a "Future of Nursing" internship program for high school students who are interested in the nursing profession. During the school year, MCH sponsors a "Future Nurses Club" through which high school students are able to form mentoring relationships with MCH nursing staff, receive encouragement to volunteer and work at MCH, receive appropriate information about the profession, and experience a supportive transition into the health care profession if they choose a career in nursing.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) states that evidence of its commitment to responding to the health profession staff shortage is Baptist Health of South Florida's Center of Excellence in Nursing and Baptist Hospital of Miami's designation as a Magnet Hospital. The Center of Excellence in Nursing Program was specifically developed to enhance the status of nursing within BHSF. The applicant's sister facility, Baptist Hospital of Miami, is one of only 28 hospitals nationwide to be recognized as a Magnet Hospital by the American Nurses Credentialing Center's Commission on the Magnet Recognition Program. South Miami Hospital states that it is in the process of applying for this award.

(3) Preference shall be given to applicants who provide language interpretation services to meet the communication needs of patients in their primary service area.

All three of the co-batched applicants indicate that they provide interpretation services to meet the community needs of patients in their primary service area.

(4) Preference shall be given to applicants who offer community education on how to utilize health care facilities when disaster occurs.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): JMH provides publications, web links to resources, and other information for a healthy community. In addition to managing specific health issues, special information is provided on what to do in the event of a hurricane. The public is also encouraged to call 911, utilizing the county's emergency services. Refer to Exhibit 2-3 for a copy of the hurricane preparedness information that appears on the applicant's web site.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): While the applicant discussed how it has revised its emergency plans and purchased decontamination equipment to protect its facility in the event of a disaster, it did not specify how it would address community education on the utilization of health care facilities when a disaster occurs.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): To ensure that expectant mothers in the community know how to respond to the health care needs in the event of a hurricane, SMH has policies and procedures in place to inform expectant mothers how to prepare. These policies and procedures appear on BHSF website. BHSF also provides information to the community through its website and other means regarding the availability of home health care and other alternative methods to health care available through BHSF. The applicant maintains that an awareness of alternatives to visiting the hospital facility provides an option to community members to receive the care they need in the event of an emergency. Refer to Attachment 11 for a copy of BHSF disaster preparedness information.

(5) Preference shall be given to applicants who identify methods to streamline application processes and screens patients for public assistance programs.

Each of the co-batched applicants demonstrated that it has methods in place to streamline application processes and screen patients for public assistance programs.

The District 11 July 2003 CON Allocation Factors Report provides the following preferences in the review of applications pertaining to neonatal intensive care services:

(1) Preference shall be given to applicants who specify how their proposed program will contribute to the development of an organized district-wide neonatal program.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724) is an existing provider of Level II and Level III neonatal intensive care services, as well as a Regional Perinatal Intensive Care Center. The RPICC program is a regionalized health care delivery system designed to deliver optimal medical care to women identified as having a high-risk pregnancy and critically ill/low birth weight newborns. As an RPICC provider, JMH cannot refuse an eligible patient, which requires sufficient bed availability to admit referred patients. The applicant stated that it has a variety of transport and transfer procedures in place for patients requiring transfer from other hospitals. The applicant has sufficiently demonstrated that it contributes to the development of an organized district-wide neonatal program.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) is an existing provider of Level II and Level III neonatal intensive care services. The applicant contributes to the development of an organized district-wide neonatal program through its neonatal transport capabilities in addition to its role as a regional referral center, a pediatric trauma referral center, and a teaching/research facility.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) contends that Baptist Health of South Florida, through its neonatal transport team, directly contributes to the organization of district-wide neonatal program and services. BHSF provides a 24-hour neonatal transport service, based at SMH, with specially trained staff members to transport infants as needed. The applicant states that the establishment of a Level III NICU at its facility will contribute to the development of an organized district-wide neonatal program by reducing the number of transports of infants born at South Miami Hospital in need of Level III NICU services. According to the applicant, this reduction in transfers will not only eliminate the risks associated with transfer incurred by neonates born at South Miami Hospital, but will also increase the capacity of the transport team to serve infants in facilities without appropriate NICU services. However, the risks involved with the addition of a small unit that will serve to fragment an established district-wide neonatal network must be weighed. Refer to discussion for this applicant and co-batched applicant JMH below in E. 4.

(2) Preference shall be given to applicants who operate a facility with at or above 95 percent occupancy and requests to convert underutilized acute care beds to Neonatal Intensive Care Level II beds to reduce occupancy rates to optimal functional levels.

This preference applies to NICU Level II beds and therefore, is not applicable.

(3) Preference shall be given to applicants who propose to expand Level II or Level III Neonatal Intensive Care beds to reduce occupancy rates to optimal functional levels.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): JMH is proposing to add 10 beds to its existing 66-bed Level III NICU. JMH's Level III NICU program experienced an annual occupancy rate of 80.71 percent for CY 2002. However, the applicant contends that for the 12-month period ending June 30, 2003, its Level III NICU

experienced an annual occupancy rate of 94 percent. The applicant contends that its three-year market share is 64.5 percent of all Level III NICU cases and additional beds are necessary in order to bring the hospitals and the district's occupancy levels below 90 percent. The projections in the table below identify an occupancy rate of 85 percent for the second year of the project with the 10-bed increase.

JMH's Forecast For Level III NICU
For The First Two Years Of The Bed Addition

Forecast Period	Year 1 04/04-06/05	Year 2 07/05-06/06
JMH's share of Level III Admissions (64.5%)	951	952
JMH's Level III Patient Days (LOS 24.8)	23,549	23,552
Occupancy without the project (66 beds)	97.75%	97.77%
Occupancy with the project (76 beds)	84.89%	84.90%

Source: CON #9724; pg. 1-30.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): As previously noted, MCH's Level III NICU beds averaged 109.0 percent occupancy during CY 2002 and 114.6 percent during the most recent 12 months (September 2002-August 2003). The applicant maintains that with the eight additional Level III beds, the projected average occupancy would be 85.1 percent for Year 1 and 85.3 percent for Year 2 of the proposed project.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): SMH is not an existing provider and is proposing to establish a six-bed Level III NICU at its facility through the conversion of six Level II NICU beds. Preference is not given.

(4) **Preference shall be given to applicants who identify special need populations within its primary service area and offers projections for the number of individuals with special needs that will be served during the first year of program operation.**

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724) states that many of the high-risk deliveries and NICU admissions are emergency cases and are hard to predict. Therefore, only estimates of the numbers accessing the NICU can be reasonably measured since it receives its patients regionally, rather than from a smaller, defined service area.

Developmental problems are common among graduates of the Level III NICU and the applicant maintains that it has the programs and services in place to provide a continuum of care.

Many of the services for developmental follow-up are provided through programs within the Department of Pediatrics, UM/JMH. Refer to E.3 (f)(9) below for discussion on developmental follow-up.

The applicant states that a special needs population exist regionally and will continue to be served by its facility.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) states that it serves as the "ultimate" referral center for NICU services in District 11, southeast Florida and beyond; and provides the most sophisticated tertiary and quaternary level services available in the region. The applicant estimates a projected average occupancy of 85-87 percent within MCH's Level III NICU for the next five years if the eight-bed addition is approved.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): SMH primarily serves residents of Dade and Monroe Counties. The applicant states that according to the Mayor's Health Healthcare Access Task Force, 29 percent of the population is uninsured. More specifically, the report states that 109,000 working, uninsured adults live in Miami-Dade County and these residents have 103,000 uninsured children. This creates a significant population with special need for affordable access to health care services. SMH existing neonatal intensive care provides care to patients regardless of their ability to pay and therefore, directly addresses the needs of this population according to the applicant. SMH has conditioned this application on provision of at least 30 percent of the patient days provided in the proposed Level III NICU to Medicaid/charity/Medicaid HMO patient. It is noted that SMH's historical provision of care to the medically indigent is significantly lower than the two other co-batched applicants. Refer to 1. above and E. 3. a and E. 4. i. below.

(5) Preference shall be given to applicants who promote career development opportunities for nurses to pursue advanced nursing degrees (e.g., registered nurses).

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): JMH is a statutorily designated teaching hospital and is affiliated with the University of Miami School of Medicine. The applicant stated its commitment to ensuring its staff is properly trained and has the necessary skills to perform the type of services needed. The applicant submitted information (see Section 4d, Education),

which demonstrates that it has training programs in place to support this project.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) maintains that MCH's NICU staff trains new personnel via an in-depth orientation program designed to meet the needs of each new staff member.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) stated that half of the existing Level II NICU staff at SMH is already experienced in providing Level III patient care and are neonatal transport certified. The applicant anticipates that limited additional staff training would be necessary to implement the proposed project. The applicant stated that it has programs in place to ensure the availability of highly trained NICU staff. This includes a "Preceptor Program" for all new NICU nursing staff and "The NICC (Neonatal Intensive Care Course) Program", which is an eight-week course designed to train nurses to work in the neonatal intensive care units.

3. Agency Rule Preferences

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

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

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): Jackson Memorial

Hospital is a Regional Perinatal Intensive Care Center and the applicant states that it is the exclusive district provider for Children's Medical Services under the RPICC Program. JMH provides both Level III and step-down services, which coincide with NICU Level II services. JMH is a high indigent care provider.

The applicant projects its payment mix to be:

Payor	Percent of Patient Days
Self-Pay	15.2%
Medicaid	67.2%
Medicaid HMO	5.6%
Commercial Insurance	2.6%
HMO/PPO	9.0%
Other Payors	0.4%
Total	100.0%

Please refer to E.4.i. below for further discussion.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): As previously stated, the applicant is proposing a minimum of 35 percent of its Level III NICU patient days to Medicaid/charity care patients.

The applicant projects its payment mix to be:

Payor	Percent of Patient Days
Other Managed Care	57.9%
Medicaid	36.8%
Medicaid HMO	2.6%
Commercial Insurance	0.0%
Self-Pay	2.6%
Total	100.0%

MCH is not a Regional Perinatal Intensive Care Center. However as a designated public hospital, it is a provider of high indigent care.

Please refer to E.4.i. below for further discussion.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): South Miami Hospital is not a high indigent care provider. The applicant states that it currently provides neonatal intensive care services to Children's Medical Services patients, as well as to charity care patients, Medicaid patients, and private pay patients, including self-pay patients. South Miami Hospital is not a Regional Perinatal Intensive Care Center Program.

As previously stated, the applicant is proposing a minimum of 30 percent of its Level III NICU patient days will be provided to Medicaid/charity/Medicaid HMO patients combined.

The applicant projects its payment mix to be:

Payor	Percent of Patient Days
Other Managed Care	62.7%
Medicaid	25.9%
Medicaid HMO	2.0%
Commercial Insurance	6.8%
Self-Pay	2.6%
Total	100.0%

Please refer to E.4.i. below for further discussion.

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

(1) The establishment of Level III neonatal intensive care services shall not normally be approved unless the hospital also provides Level II neonatal intensive care services. Hospitals may be approved for Level II neonatal intensive care services without providing Level III services. In a comparative review, preference for the approval of Level II beds shall be given to hospitals, which have both Level II neonatal intensive care beds and Level III neonatal intensive care beds.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): JMH conforms to this preference. The applicant is currently licensed for 60 Level II NICU beds and 66 Level III NICU beds. It has also been recently approved for five additional Level II NICU beds. The applicant is seeking to expand its Level III NICU to 76 beds.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) has seven Level II NICU beds and 23 Level III NICU beds. The applicant is seeking to expand its Level III NICU to 31 beds.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) is currently licensed to operate a 23-bed Level II NICU. The applicant is proposing to convert six of its Level II NICU beds in order to establish a six-bed Level III NICU.

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724) is an existing provider of Level III NICU services and has an established protocol to ensure developmental follow-up on patients discharged from the program.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) is an existing provider of Level II and Level III NICU services and has an early intervention program in place, which is designed to address the developmental needs of its neonatal patients. The applicant has established protocol for follow-up on patients after discharge to monitor the outcome of care.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) states that it continues to provide developmental follow-up on patients after their discharge through the Child Development Center (CDC) at SMH. The CDC offers an interdisciplinary approach, providing a full array of services needed to evaluate children as they grow and develop. According to the applicant, the CDC offers a multitude of screening, evaluation, and therapy services as well as referrals to appropriate community agencies.

c. **Ch. 59C-1.042(5), Florida Administrative Code - Minimum Unit Size. Hospitals proposing the establishment of new Level III neonatal intensive care services shall propose a Level III neonatal intensive care unit of at least 15 beds, and should have 15 or more Level II neonatal intensive care unit beds.**

South Miami Hospital is the only co-batched applicant proposing to establish a new Level III NICU services.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) proposes to establish a six-bed Level III NICU by converting six of its 23 Level II NICU beds to this use. The rationale expressed by the applicant is that by providing its Level II and III NICU beds as part of one overall unit, it is effectively meeting the reasons underlying the state requirement while containing health care costs by coordinating personnel and treatments. Under existing Agency rules, there are separate licensed NICU levels of care and this rule criterion addresses the minimum unit size.

d. Ch. 59C-1.042(6) - Minimum Birth Volume Requirement. Hospitals applying for Level III neonatal intensive care services shall not normally be approved unless the hospital has a minimum service volume of 1,500 live births for the most recent 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool. Specialty children's hospitals are exempt from these requirements.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): JMH exceeds the minimum service volume of 1,500 live births for the most recent 12-month period with 6,497 births during January 2002 through December 2002.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): Miami Children's Hospital is a specialty hospital and is therefore exempt from these requirements.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): The hospital experienced 3,638 live births during the January 2002 through December 2002 reporting period, thus exceeding the minimum service volume of 1,500 live births for the most recent 12-month period.

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

Currently Level III and Level II NICU services are available and accessible within the two hours ground time to 90 percent of the residents of District 11.

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

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): JMH is a teaching and research hospital operating in conjunction with the University of Miami School of Medicine, which provides staff and services under an annual operating agreement. The Director of the Division of Neonatology, Department of Pediatrics, University of Miami School of Medicine is Eduardo Bancalari, M.D. He is board-certified by the American Board of Pediatrics and by the Neonatal-Perinatal Medicine Subspecialty Board. The NICU Medical Director is Shahnaz Duara, M.D. Dr. Duara is board-certified by the American Board of Pediatrics and by the Neonatal-Perinatal Medicine Subspecialty Board. The applicant provided the names of the neonatologists on active staff in JMH's NICU who have unlimited privileges and provide 24-hour coverage. The Director of the Division of the Maternal Fetal Department is Maureen P. Malee, Ph.D., M.D. Dr. Malee is certified by the American Board of Obstetrics and Gynecology with a Certificate of Special Competency in Maternal-Fetal Medicine. The applicant also listed 14 physicians under Maternal Fetal Medicine who are on active staff with unlimited privileges, and provide 24-hour coverage.

Curriculum vitas for key physicians/directors involved in the provision of NICU services at JMH is included in Exhibit 3-2 of the application. The applicant does not project the addition of staff physicians to accommodate the proposed 10-bed addition.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): The neonatal intensive care program at MCH is organized under the leadership of Dr. Barry Chandler, medical director for the NICU since 1999. Dr. Chandler, as well as the other full-time attending neonatologist who provide coverage for the NICU, is board-certified in pediatrics and neonatal-perinatal medicine, has full privileges at MCH, and provide 24-hour in-house coverage for the hospital's Level II and Level III NICU program. The curriculum vitae for Dr. Chandler and the other neonatologist on staff at MCH are included in the Supporting Material section of the application. As a specialty children's hospital, the applicant is exempt from the requirement to maintain a maternal fetal specialist on staff.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) states that the board-certified neonatologist in charge of the direction and supervision of the NICU services at South Miami Hospital is Jorge E. Perez, M.D. He is also the medical director of the Neonatal Transport Team of Baptist Hospital South Florida. Dr. Perez has attained board certification in both pediatric and neonatal/perinatal medicine. In addition to Dr. Perez, there are nine neonatologists associated with Kidz Medical Services, Inc. on staff at South Miami Hospital, who provide 24-hour "in-house" coverage. All nine of these physicians are either board-certified or board-eligible.

A curriculum vita for each of the physicians is included in Volume III, Attachment 14 of the application. Schedule 6 of the application reflects 5.7 FTE existing staff for a unit/program director under physicians and 15.0 FTE for surgery assistants. No new physician FTEs is projected. The applicant states that it has two maternal/fetal specialists on active staff. Please see Volume III, Attachment 15 for their curriculum vitae.

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): Maureen M. McLaughlin, RN, MSN, is the Director of Patient Care Services at Holtz Children's Hospital/Jackson Memorial Hospital. Ms. McLaughlin is responsible for the coordination and management of pediatric nursing and patient care services that include: 11 critical and acute areas, pediatric dialysis unit, pediatric pharmacy services, and Jackson Pediatric Center. Ms. McLaughlin has served in her current position since 1995. Her curricula vitae can be found in composite Exhibit 3-2.

Since 1995, Reverend Anne Scupholme, CNM, MPH, FACNM has served as the Director of Patient Care Services at JMH's Women's Center. Ms. Scupholme directs and coordinates the clinical activities of staff in all areas of the Hospital's Women's Center. This includes 120 adult beds, 90 newborn cribs, labor & delivery suite, five operating rooms, and an OB/GYN emergency room. Ms. Scupholme also provides administrative coordination between all health disciplines. Her curricula vitae can be found in composite Exhibit 3-2.

Schedule 6 of the application indicates that the applicant intends to add 23.2 FTE nursing positions to the existing nursing staff as a result of this project. The applicant did not quantify the percentage of registered nurses in its Level II and Level III NICU.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): Mirtha Del Pilar Gonzalez, RN, ARNP, is the nurse director for the NICU at MCH and has the overall responsibility for the operation of the unit. Currently 100 percent of MCH nursing staff assigned to the existing Level II/III NICU are registered nurses. Schedule 6 of the application indicates that .25 new RN FTEs will be added to the expanded NICU program by the second year of operations.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): Ms. Colleen Cowie, RN, BSN, MHSA is the nurse manager of the South Miami Hospital Level II NICU and will be in the same position for the proposed Level III NICU according to the applicant. Ms. Cowie has extensive Level III NICU experience having served as the nurse manager for a five-bed Level II and nine-bed Level III NICU in the Miami area as well as other neonatal responsibilities.

Please see Volume III, Attachment 16 for her curriculum vitae.

The applicant stated that nearly 100 percent of the nursing personnel assigned to work each shift of the Level III NICU would be registered nurses. Schedule 6 of the application indicates that by the second year of operations there will be 13.2 new RN FTEs as a result of this project.

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

Each of the existing Level III NICU co-batched applicants asserts that the nurses in their Level III NICU programs are trained in the foregoing requirements. South Miami Hospital maintains that all nurses in its existing Level II NICU are trained to provide the services listed above and the all nurses in its proposed Level III NICU will meet the same requirements.

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724) states that the respiratory care department is operated and staffed 24 hours, seven days a week. Since 1994, Lucille Fasone-Roy has been the respiratory care coordinator and supervises a respiratory therapy staff of 35 employees. The applicant states that its NICU meets the staffing requirements as delineated in the rule. According to the applicant, each respiratory therapist is certified and supplemented by continuing education. Schedule 6 is not definitive regarding the number of existing and/or proposed respiratory therapist working in the NICU.

However, the applicant does provide a table on page 3-20 of the application that shows 1.2 respiratory therapist FTEs for year 1 and year 2 of the project.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): According to the applicant, all of its respiratory care practitioners are certified and/or registered and of the 31 FTE's budgeted in the respiratory care department, 24 are competency-qualified to care for NICU patients. MCH maintains a full-time, 24-hour, in-house staff of pulmonary care practitioners in sufficient numbers to exceed the staffing level specifications in this standard.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) states that the respiratory care department is operated and staffed 24 hours, seven days a week. The applicant also insists that staffing for the proposed Level III NICU ensures that at least one certified respiratory care practitioner therapist with expertise in the care of neonates will be available in the hospital at all times, and at least one respiratory therapist technician for every four infants receiving assisted ventilation.

(5) Blood Gases Determination. Blood gas determination shall be available and accessible on a 24-hour basis in all hospitals with Level II or Level III neonatal intensive care services.

Each of the co-batched applicants states that its facility has blood gas determinations available on a 24-hour basis.

(6) Ancillary Service Requirements: Hospitals providing Level II or Level III neonatal intensive care services shall provide on-site, on a 24-hour basis, x-ray, obstetric ultrasound, and clinical laboratory services. Anesthesia shall be available on an on-call basis within 30 minutes. Clinical laboratory services shall have the capability to perform microstudies.

Each of the co-batched applicants provides on site x-ray, obstetric ultrasound (with the exception of MCH who doesn't perform obstetric services) and clinical laboratory services with the ability to perform microstudies, 24 hours, seven days a week. In addition, anesthesia is available within 30 minutes, 24 hours a day.

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): The chief clinical dietitian for JMH is Rachel Freeman-During, RD, MPH, CDE, and the Administrator of Nutrition Services at JMH is Sandra Gaunt Sternal, RD, LD. Their curricula vitae are included in Exhibit 3-2 of the application. A sampling of information provided to the family upon discharge was included in the "Additional Information" section of the application. According to Schedule 6A, dietary services are "included in other departments". No FTE's are reflect in Schedule 6A for dietary services.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): MCH's registered dieticians and designated dietary staff members with special expertise in the nutritional needs of neonates, are assigned to work with the NICU staff as well as with the family to assess the neonate's nutritional status and dietary needs. Nutritional instructions and counseling are offered to the family on both an inpatient and outpatient basis. Dietary staff assigned to the NICU work closely with each infant's care team to ensure that the neonate is progressing as expected. The neonates are screened for the MCH-NICU Early Intervention Program and are referred as needed to the WIC Program.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): South Miami Hospital has clinical pediatric neonatal dietitians on staff. These dieticians and nutritionist are trained and experienced to provide information on patient's dietary needs while mothers and babies are in the hospital along with providing the patient's family instructions and counseling regarding the appropriate nutritional and dietary needs of the patient after discharge.

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724) provides a comprehensive array of social service support to the families of its NICU patients, including counseling, development evaluation, and referrals to appropriate community resources. JMH employs clinical social workers that are members of an interdisciplinary team responsible for assessing and intervening with families of acute and chronically ill newborns. JMH also has social workers and case managers who are assigned to particular programs to ease patients' transitions at time of discharge.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): The social workers at MCH provide counseling services to NICU families as well as development evaluation and referrals to appropriate community resources.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) provides a comprehensive array of social service support to the families of its NICU patients, including counseling and referrals to appropriate community resources.

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724) states that it will provide in-hospital intervention services for infants identified as being high risk for developmental

disabilities. Upon discharge from the NICU, infants may have comprehensive development follow-up through the development follow-up clinic at the UM Mailman Center For Child Development. Refer to Exhibit 3-1 for an overview of the Mailman Center's Services and discharge information provided to the families regarding developmental follow-up care.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) states the process of developmental care and intervention for NICU infants begins upon the child's admission to MCH. According to the applicant, the child is assigned a multidisciplinary team at admissions, which assesses the various needs of the infant using the early intervention program protocol and the neonatal neurobehavioral examination. The team meets with the family in order to discuss the infant's developmental status and the services recommended. Parents are provided with information and options for follow-up care and support services, and are trained to care for the infant in a manner that stimulates development growth. The applicant contends that its strong network linkage with service agencies and community resources facilitate the referral and follow-up of NICU babies after discharge.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) states that it will provide in-hospital intervention services for infants identified as being high risk for developmental disabilities. The Child Development Center at South Miami Hospital provides diagnostic and early intervention services to help children achieve their fullest capabilities in all areas of development. The applicant states that this program is well recognized throughout the community for having the highest standard of quality and expertise in pediatric developmental assessment, intervention, and care.

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): Infants in Level III NICU are discharged or transferred from the unit only upon written orders of the medical director, attending, or fellow.

At time of discharge, the discharge plan requires that nursing staff demonstrate to the family how to provide the required care and services in response to the neonate's need. Aftercare services are reviewed that appear in the discharge plan, which include clinic services as well as social services with other social agencies, such as CMS or Developmental Services. All social service consultants will be identified and contact numbers supplied. An appointment with the physician will also be made at the time of discharge. A copy of the discharged plan is furnished to the family, the attending physician, and to all aftercare service providers. Refer to the Additional Information Section of the application for a copy of discharge forms and a sampling of information provided to the patient's family upon discharge. The applicant did not specify the facility's designated discharge planner.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): MCH has an interdisciplinary staff responsible for the discharge planning of its neonates. The NICU's Clinical Nurse Specialist, Ms. Amanda Ranft, MSN, ARNP, has the designated responsibility for overseeing and coordinating the team members in the discharge planning activities for each neonate.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): South Miami Hospital currently has an interdisciplinary staff responsible for discharge planning of all hospital patients. Denise Prongay, RN is the dedicated discharge planner for neonates at South Miami Hospital.

Ms. Prongay develops a comprehensive summary of each neonate's inpatient stay and distributes this report to the obstetricians, pediatricians, parents, and staff of the Child Development Center, to ensure that necessary follow-up care is delivered and that all practitioners have access to a complete medical history.

g. **Ch. 59C-1.042(10), Florida Administrative Code - Level III Neonatal Intensive Care Unit Standards: The following standards shall apply to Level III neonatal intensive care services:**

(1) **Pediatric Cardiologist. A facility providing Level III neonatal intensive care services shall have a pediatric cardiologist, who is either board-certified or board-eligible in pediatric cardiology, available for consultation at all times.**

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): Jackson Memorial Hospital has nine pediatric cardiologists on active staff. These specialists are available in-house rather than on-call, increasing the response time to service for all neonates in the unit.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): MCH has a group of board-certified pediatric cardiologist on staff with offices within the hospital, offering 24-hour coverage and support to the neonatology staff. Dr. Anthony Rossi, Director of the Cardiac Intensive Care, and Dr. Evan Zahn, Director of Cardiology are among the partners in this group.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): South Miami Hospital has a pediatric cardiologist, Abdulwahab Aldousany, M.D, on staff and available for consultation. Dr. Aldousany is board-certified in pediatrics, neonatal-perinatal medicine, and pediatric cardiology. He is a member of the American Heart Association, the American College of Cardiology, a Fellow in the American Academy of Pediatrics, a member of the Florida Chapter of the American College of Cardiology, and the American Registry of Diagnostic Medical Sonographers. He has published extensively and is a former assistant professor of pediatric cardiology at the University of Tennessee-Memphis.

(2) **Nurse to Neonate Staffing Ratio. Hospitals shall have a nurse to neonate ratio of at least 1:2 in Level III neonatal intensive care units at all times. At least 50 percent of the nurses shall be registered nurses.**

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): Proposed staffing by the applicant provides for a nurse-to-neonate ratio of at least 1:2 in the Level III NICU at all times. Schedule 6A indicates that the applicant intends to hire an additional 23.2 nurse FTEs to accommodate this project. The applicant does not indicate on this schedule whether the addition nursing staff proposed will be licensed practical nurses (LPNs) or registered nurses (RNs). However, the applicant does provide the following table showing the incremental nursing staff positions by position for the first two years of operation of the 10-bed addition.

JMH Incremental Nurse Staffing
10-bed Level III NICU Addition

Position	Year 1 FTE's	Year 2 FTE's	Avg. Salary
Head Nurse	-	-	$83,200
Assoc. Head Nurse	0.6	0.6	$75,348
Parent Educator			$70,720
RN	16.5	16.5	$66,976
LPN	0.9	0.9	$37,674
Neonatal Unit Assist.	0.1	0.2	$29,120
Transport Svc. Aides			$27,040
Unit Secretary	5.0	5.0	$27,040
Nursing Subtotals	23.1	23.1	$57,136
Resp. Therapist Supervisor	-	-	-
Respiratory Therapists	1.2	1.2	$56,511

Source: CON #9724; pg. 3-20.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) maintains that all of the professional nursing staff currently in its NICU are registered nurses and will maintain this standard in the expanded NICU. The staffing ratio in Schedule 6 has been planned to exceed the minimum nurse to neonate ratios. The applicant anticipates 0.25 RN FTEs added during the first two years of operation of the expanded program.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): Proposed staffing by the applicant provides for a nurse-to-neonate ratio of at least 1:2 in the Level III NICU at all times. The requirement that 50 percent of the nurses be registered nurses will be exceeded as the applicant is proposing that nearly 100 percent of nurses

will be registered nurses. Schedule 6A indicates that the applicant intends to hire 13.2 registered nurse FTEs.

(3) Requirements for Level III NICU Patient Stations. Each patient station in a Level III NICU shall have, at a minimum:

a. Eighty square feet per infant;
b. Two wall mounted suction outlets preferably equipped with a unit alarm to signal loss of vacuum;
c. Twelve electrical outlets;
d. Two oxygen outlets and an equal number of compressed air outlets and adequate provisions for mixing these gases;
e. An incubator or radiant warmer;
f. One heated humidifier and oxyhood;
g. One respiration or heart rate monitor;
h. One resuscitation bag and mask;
i. One infusion pump;
j. At least one non-invasive blood pressure monitoring device for every three beds;
k. At least one portable suction device; and
l. Availability of devices capable of measuring continuous arteria; oxygenation in the patient

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724) states that it meets or exceeds all equipment requirements for Level III NICU services. The applicant provided its equipment list in Exhibit 3-5 of the application. Refer to E. 4. h. below for the architectural discussion

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) states that the project equipment budget included in Schedule 1 contains sufficient funding to enable MCH to provide additional stations, monitors, and other equipment, as needed to ensure that each new Level III NICU bed is in compliance with the Level III requirements listed above. Refer to E. 4. h. below for the architectural discussion.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) states that the proposed Level III NICU patient stations meet the square footage, mechanical/electrical and equipment requirements for Level III NICU services. Refer to E. 4. h. below for the architectural discussion.

(4) Equipment Required to be Available to Each Level III NICU on demand:

a. An EKG machine with printout capacity;
b. Portable suction equipment; and
c. Not less than one ventilator for every three beds.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724) did not respond to this criterion, however, as an existing Level III NICU provider, the applicant has the required equipment available on demand to meet the needs of its Level III patients.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) indicates that this equipment is already available within the existing NICU at MCH.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) indicates it will have all of the required equipment above available. Refer to the architectural review below in E.4.h.

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

(1) Provision of Emergency Transportation. Hospitals providing Level II or Level III neonatal intensive care services must operate a 24-hour emergency transportation system directly, or contract for this service, or participate through a written financial or non-financial agreement with a provider of emergency transportation services.

(2) Requirements for Emergency Transportation System. Emergency transportation systems, as defined in paragraph (11)(a), shall conform to section 64E-2.003, Florida Administrative Code.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): Jackson Memorial Hospital currently provides neonatal 24-

hour emergency transport by ground and air via the hospital's neonatal transport team. The transport team is composed of a special group of physicians, nurses, and respiratory therapist who have received specific and intensive training in the stabilization and care of the critically ill neonate during transport. The applicant states that its emergency transportation system conforms to federal, state, and local rules and regulations.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) states that its neonatal transport system is a designed to coordinate the highly trained personnel and equipment needed to transport neonates requiring highly specialized services. The transport protocol provides for a transport team whose members are available 24 hours a day, seven days a week. The applicant has two life flight teams available in-house, 16 hours a day with a back-up team on-call during the night shift. MCH's neonatal transport team members are fully allocated to critical care transport service thereby minimizing delays in response time. MCH operates its own mobile intensive care unit providing 24-hour local emergency ground transportation of neonates. In addition MCH is one of a few hospitals nationwide capable of providing in-transit extracorporeal membrane oxygenation (ECMO) system. MCH has a medically equipped helicopter for inter-facility transfers and also has the ability to transport patients via a Learjet. The applicant states that its life flight teams performed approximately 430 neonatal transports during 2002.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): South Miami Hospital currently provides neonatal 24-hour emergency transport by ground and air via the hospital's neonatal transport team. Accompanying the infant, whether by ground or air, is a qualified team that includes a neonatal nurse, respiratory therapist, and a neonatologist or a neonatal nurse practioner.

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724) is a provider of Level II and Level III neonatal intensive care services and therefore, doesn't transfer its patients to other providers. They do, however, accept patients from other hospitals that are in need of Level II and Level III NICU service. (Refer to composite Exhibit 3-4 for the applicant's written protocol governing these transfers).

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) maintains transfers agreements with almost all of the community hospitals in Miami-Dade and Monroe Counties and with many hospitals in south Florida. Because of its status as a regional referral center, many patients are transferred to MCH from other hospitals regardless of the existence or non-existence of formal referral or transfer agreements. Excerpts regarding transfer protocol were included in the Supporting Material section of the application.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) currently transfers patients in need of Level III neonatal intensive care services to providers of Level III NICU services and has a written protocol in place governing these transfers. Refer to Volume III, Attachment 19 for the Transfer to Level III NICU Policy.

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

1. **Utilization Data.**
2. **Patient Origin Data**

Each of the co-batched applicants agreed to continue reporting all data as required by this provision.

4. Statutory Review Criteria

a. Is need for the project evidenced by the availability, efficiency, quality of care, 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.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724) is responding to a published fixed need for 10 additional Level III NICU beds in District 11. AHCA's publication, *Florida Hospital Bed and Service Utilization Data by District, July 2003 Batching Cycle*, reported that the 106 Level III NICU beds in District 11 experienced an occupancy rate of 88.92 percent for the specified reporting period (January 2002 through December 2002). JMH's Level III NICU experienced an annual occupancy rate of 80.71 percent for CY 2002. However, the applicant contends that for the 12-month period ending June 30, 2003, its Level III NICU experienced an annual occupancy rate of 93.71 percent.

The applicant maintains that as a RPICC provider with a dedicated obstetrical ER department, sufficient capacity in the NICU must be available since the number of patients arising from the emergency department is the highest in the district. According to the applicant ,the condition of the mother at delivery impacts that type of NICU services and the demand within the NICU. A review of all the MDC 14 (*Major Diagnostic Category, Pregnancy, Childbirth, and the Pueroperium)* cases in District 11 reveals that JMH treated 21 percent of the district's caseload and 18.5 percent of those were emergencies. Within the caseload of the hospital, of JMH's total MDC 14 cases (7,771), 88 percent (or 6,858) were classified as emergencies. The data below shows the number of MDC 14 cases by type of admission of the co-batched applicants.

Number of MDC 14 Cases,
Pregnancy, Childbirth, and Puerperium,
by Type of Admission in District 11
CY 2002

Type of Admission of Mother	Baptist Hosp. of Miami	JMH	MCH	Mt. Sinai Med. Ctr.	North Shore Med. Ctr.	South Miami Hosp.	All Others	Total
TOTAL MDC 14 CASES								
EMERGENCY	370	6,858	1	118	41	144	2,821	10,353
URGENT	2,786	803	0	276	1,173	2,130	6,138	13,306
ELECTIVE	1,754	110	0	1,577	348	1,738	7,899	13,426
TOTAL	**4,910**	**7,771**	**1**	**1,971**	**1,562**	**4,012**	**16,858**	**37,085**
PERCENT OF TOTAL MARKET								
EMERGENCY	**1.00%**	**18.49%**	**0.00%**	**0.32%**	**0.11%**	**0.39%**	**7.61%**	**27.92%**
URGENT	7.51%	2.17%	0.00%	0.74%	3.16%	5.74%	16.55%	35.88%
ELECTIVE	4.73%	0.30%	0.00%	4.25%	0.94%	4.69%	21.30%	36.20%
TOTAL	**13.24%**	**20.95%**	**0.00%**	**5.31%**	**4.21%**	**10.82%**	**45.46%**	**100%**
HOSPITAL'S PERCENT BY TYPE OF ADMISSION								
EMERGENCY	**7.54%**	**88.25%**	**100%**	**5.99%**	**2.62%**	**3.59%**	**16.73%**	**27.92%**
URGENT	56.74%	10.33%	0.00%	14.00%	75.10%	53.09%	36.41%	35.88%
ELECTIVE	35.72%	1.42%	0.00%	80.01%	22.28%	43.32%	46.86%	36.20%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: CON #9674 Application. Data from AHCA's *Patient Data Discharge File*, 01/01/2002-12/31/2002. During this period, a total of 16 hospitals provided MDC 14 services.

The applicant also provided a Table on page 1-9 of the application to demonstrate the source of admission for mothers compared to the other co-batched applicants and other Level III hospitals in District 11. When data from this table is looked at with the data from the above table, the applicant states that the following conclusion is reached: of the 37,085 pregnant women treated at District 11 hospitals, 19.01 percent (7,051) of them were admitted from the emergency department. JMH treated 74 percent (5,213/7,051) of those emergencies or 21 percent (7,770/37,085) of the district's total cases, according to the applicant.

The applicant maintains that a priority for additional Level III NICU capacity has been established since a large percent of the mothers who present at JMH are rated as an "emergency" and must be immediately treated.

JMH is a high indigent care provider, caring for large number of Medicaid and charity care patients who may lack prenatal care. The applicant states that the proliferation of small NICU programs has impacted its NICU program. According to the applicant, the unintended consequence is that high-risk mothers are directed away from JMH, particularly those who have insurance as a means to pay for their services. The applicant states that although prenatal care was received by 95 percent of women delivering at its facility in CY 2002, up to 88 percent of the admissions occurred through the ER. The applicant contends that this suggests the prenatal care was received at public clinics and not from private physicians. The applicant feels that this population would not be better served by proliferation of small

units at private facilities in upper income neighborhoods. The applicant supplied an article of a study published in JAMA, which stated “Risk-adjusted mortality was lower for infants born in larger (average NICU census >15 patients per day) tertiary centers.” The results of the study also showed that “most of the mortality difference between hospitals with large Level III NICUs and other hospitals persisted when neonatal transports were considered. Thus, maternal referrals or antenatal transfers of the mother, yields lower mortality compared with subsequent neonatal transport.”[1]

The applicant provided a table showing extremely low birth weight neonates and corresponding patient days and length of stay experienced at hospitals in District 11 for the reporting period. Of all the 121 cases of extremely low birth neonates, JMH provided care to 41 or 34 percent. However, of the 7,684 patient days associated with their care, JMH provided 4,506 of the patient days or 58.6 percent, which averaged a length of stay of 110 days, compared to an overall district average of 63.5 days.

The applicant states that competition from other Level III NICU providers has reduced the number of cases at JMH; however, the cases that JMH receives tend to have longer lengths of stay. The applicant provided a table on page 1-15 of the application showing extremely low birth weight neonates and corresponding patient days and length of stay experienced at hospitals in District 11 with Level III NICUs, as well as South Miami Hospital, and all other hospitals with OB services. The table revealed that of the 121 cases of extremely low birth weight neonates in CY 2002, JMH provided care to 41 or 34 percent; however, of the 7,684 patient days associated with their care, JMH provided 4,506 of the patient days, or 58.6 percent of the total. The average length of stay was 110 days compared to an overall average of 63.5 days for the district. The applicant contends that longer lengths of stay comport to an increased severity of illness in the neonates treated at JMH and escalates the intensity of services, raising the cost of care. The table below reveals that over the last three years, JMH’s admission experience is declining slightly, remaining relatively flat, while the number of very low weight neonates is increasing.

[1] Ciran Phibbs, Janet Bronstein, et.al, *The Effects of Patient Volume and Level of Care at the Hospital of Birth on Neonatal Mortality*. JAMA, Vol. 276, Number 13. October 2, 1996, pages 1054-1059.

Comparison of the Number of Very Low Neonates Treated at JMH by Calendar Year, and First/Second Quarter Comparison

Year	Total Cases	Birth Weight <1,500g.	Birth Weight <1,000g.
ANNUAL TOTALS			
2000	996	106	50
2001	995	116	57
2002	931	101	51
2003 YTD	**466**	**147**	**76**
1st QUARTER			
2000	224	43	22
2001	240	48	26
2002	207	42	19
2003	**237**	**75**	**35**
2nd QUARTER			
2000	233	63	28
2001	250	58	31
2002	237	59	32
2003	**229**	**72**	**41**

Source: CON application 9724, pg. 1-17; Note: Data comes from Jackson Memorial Hospital's Internal Records and includes neonates that died; hence, the number is slightly higher than the number of admissions reported to District 11's LHC.

The applicant maintains that it is treating proportionately more critically ill neonates requiring longer stays, which impacts the demand for Level III NICU beds.

The applicant is a Regional Perinatal Intensive Care Center through Children's Medical Services. The applicant states the effectiveness of the RPICC program is based on the high volumes, variety of cases, attendance by various medical experts, care by experienced staff, and participation in programs that monitor and review outcomes. The high cost associated with treating neonates whose weight is below 1,000 grams and their high risk of mortality requires specialized and experienced personnel. As described in co-applicant South Miami Hospital's need discussion below, sufficient numbers of cases are necessary for staff to maintain their skills and proficiencies as well as to control cost.

According to the financial analysis, this project should have minimal impact on competition to promote quality assurance and cost-effectiveness.

Need for the project is evidenced by the availability, efficiency, quality of care, accessibility, and extent of utilization of existing health care facilities and services in the applicant's service area.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): As noted above, District 11's Level III NICU's experienced an average annual occupancy rate for the appropriate reporting period of 88.92 percent and need for 10 additional Level III NICU beds was published by the Agency. The applicant is requesting the addition of eight Level III beds to its existing 23-bed Level III NICU. MCH's Level III NICU experienced an annual occupancy of 109.39 percent for the specified reporting period (January 2002-December 2002) and 114.6 percent for the 12 months ending in August 2003. The applicant states that this recent high demand for Level III NICU services at MCH warrants approval of the proposed project.

The applicant provided the following table to illustrate the sustained high demand for its Level III NICU services:

MCH Monthly Utilization: NICU III
Sept. 2002-August 2003

Month	Patient Days	ADC	Occupancy
September	1,064	35.5	154.2%
October	975	31.5	136.7%
November	967	32.2	140.1%
December	764	24.6	107.2%
January	840	27.1	117.8%
February	618	22.1	96.0%
March	655	21.1	91.9%
April	619	20.6	89.7%
May	668	21.5	93.7%
June	821	27.4	119.0%
July	836	27.0	117.3%
August	792	25.2	111.1%
Year To Date	**9,619**	**26.4**	**114.6%**

Source: CON #9725 Application, page 13.

The applicant provided detailed analysis in order to demonstrate the need for its proposed project. The applicant addresses the following factors in its analysis: historic NICU utilization patterns at the hospital and within District 11, current operating conditions at MCH, and expected future neonatal patient volumes.

The applicant states that the demand for NICU III services in District 11 has grown rapidly from 1997 through 2001 and that the number of Level III NICU patient days provided by District 11 programs increased by 18.3 percent (from 25,434 to 30,087), while the number of live births grew by 3.2 percent. As a result, patient days per 1,000 live births grew by 14.6 percent. At the same time, utilization of NICU II services in District 11 was also rising. Level II patient days increased by 21.2 percent causing the use rate (days per 1,000 live births) to grow by 17.4 percent. Taking these trends together, there has been a 20 percent growth in the overall number of NICU patient days (Level II plus Level III) as compared to the 3.2 percent rise in live births. The applicant

indicates that moreover, growth for Level III services further accelerated in CY 2002, but that the growth was facility specific and largely occurred at its facility. As detailed in the table below, reported Level III NICU days increased by 14.2 percent (from 30,087 to 34, 367) while Level II days increased by only 1.3 percent. The total NICU days (Level II plus Level III) increased by 6.3 percent.

Annual Growth in NICU Patient Days
CY 2001-2002
Level II/III Combined

			Annual Growth	
Bed Category	**2001**	**2002**	**Number**	**Percent**
NICU II	47,412	48,018	606	1.3%
NICU III	30,087	34,367	4,280	14.2%
TOTAL NICU	77,499	82,385	4,886	6.3%

Source: CON #9725 Application, pg. 18

The applicant attributes some of the increase in Level III patient days to changes made by Baptist Hospital in its criteria for classifying neonatal patients. In fact, Baptist's reported patient days jumped from 422 during the first quarter of 2002 to 907 in the second quarter. According to the applicant, Level III patient days at Baptist Hospital have remained flat since the one-time increase associated with the change in reporting practices, averaging 885 days per quarter during July 2002-June 2003. The applicant suggests that this pattern indicates that there has been no real growth in Level III care at Baptist Hospital once the change in reporting practices is taken into account. The applicant discusses the remaining Level III NICU providers and their respective occupancies for the past two years.

The five-bed Level III NICU program at Mt. Sinai did not become operational until late in CY 2001 and reported no patient days prior to the first quarter of 2002. JMH reported a 4.1 percent decline in Level III NICU patient days from 2001 to 2002. North Shore Medical Center's five-bed Level III NICU reported a 26.5 percent increase in NICU Level III patient days, but the total increase in patient days at this five-bed unit was 313. By comparison, MCH's 23-bed Level III unit reported an increase of 2,392 Level III patient days (a 35.4 percent increase), representing a 91.2 percent of the total increase in Level III NICU patient days among the four District 11 programs that have had consistent reporting according to the applicant. In essence, the applicant contends that the growth in Level III utilization within the district is synonymous with growth at MCH, again confirming its contention of an institution-specific need for additional beds at MCH.

Unlike other Level III NICU programs in District 11, MCH does not function as an adjunct to in-house obstetrical services. Instead, it serves exclusively as a referral center for patients requiring highly specialized neonatal services. The applicant states that while the other four Level III facility programs draw 90 percent their high acuity neonatal patients from in-hospital births, 52 percent of MCH's neonatal admissions consist of transfers from other facilities and 38 percent from emergency department admissions.

MCH offers quaternary neonatal intensive care services and has an array of neonatal and pediatric specialists and sub-specialists. In addition, MCH possesses specialized neonatal transport capabilities such as the "Life Flight" program (Please refer to E. 3. h. for transportation discussion). The availability of quaternary services, coupled with its ability to minimize the risk associated with the transport of high-risk infants, has established MCH as a regional referral center for NICU services according to the applicant.

The table below provides a breakdown of MCH's Level III neonatal admissions for CY 2002. Twenty percent (94 of 482 admissions) of the neonates admitted to MCH during the year were transfers from other District 11 hospitals with NICU III programs. In addition, 19 percent of MCH's Level III admissions came from Florida-based acute hospitals outside District 11, of which half (50 of 93) were transfers from hospitals with NICU III programs. In all, the applicant maintains that 30 percent (143 of 482) of the neonates admitted to MCH were transfers from other hospitals' Level III NICU programs. Emergency Level III admissions during this period accounted for 23 percent of admissions.

MCH LEVEL III Neonatal Admits by Source
CY 2002

	Admits	
Referring Source	**Number**	**Percent**
MCH Emergency Dept.	112	23%
Other Dist. 11 NICU III Programs	94	20%
Other Dist. 11 Hospitals	123	26%
Other Florida Hospitals	93	19%
Physicians	42	9%
Out-of State/Nation Hospitals	11	2%
Other—Non-Hospital	7	1%
TOTAL	482	100%

Source: CON #9725 Application, pg. 23; MCH Internal Data

MCH has a strong referral network among Level II programs both within District 11 and in other parts of Southeast Florida. According to the applicant, Level II facilities accounted for 79 transfers to MCH of infants requiring Level III care during CY 2002. In all, transfers from other Florida NICU programs accounted for 46 percent of MCH's Level III NICU admissions during CY 2002.

The applicant states that most Level II beds at its facility are configured to comply with Level III standards, allowing it to utilize Level II and Level III resources interchangeably as necessitated by variations in patient acuity levels. Despite aggressive management of its neonatal population to ensure discharge back to the referring facility or home as soon as possible, all available NICU beds at MCH remain full on most days. As shown in the table below, MCH's total complement of 30 NICU beds (Level II and III) had an average occupancy rate of 103.7 percent for CY 2002 and 111.5 percent for the most recent 12 months (ending August 2003).

MCH Neonatal Utilization
CY 1999-2002 (and 12 months ending August 2003)

	PATIENT DAYS				
Care Level	**1999**	**2000**	**2001**	**2002**	**YE 8/03**
Level III	5,049	6,456	6,756	9,148	9,619
Level II	701	1,683	2,027	2,210	2,595
Total	5,750	8,139	8,783	11,358	12,214
	AVERAGE OCCUPANCY				
Care Level	**1999**	**2000**	**2001**	**2002**	**YE 8/03**
Level III	60.1%	76.9%	80.5%	109.0%	114.6%
Level II	27.4%	65.9%	79.3%	86.5%	101.6%
Total	52.5%	74.3%	80.2%	103.7%	111.5%

Source: CON 9725; Application, pg. 27

The applicant states that had the eight Level III NICU beds proposed for this project been available in CY 2002, MCH's Level III NICU occupancy would have averaged 81 percent and its annual occupancy for all NICU beds would have been 82 percent. The applicant further maintains that with the eight additional beds, its annual occupancy for the most recent 12 months would have been 85 percent for Level III and 88 percent for all NICU beds. The eight additional beds requested in this application are needed to meet the current patient demand within the normal range of efficiency for neonatal intensive care (i.e., 80 to 90 percent annual occupancy) according to the applicant.

The applicant states that while Level III use rates have been trending up over the past several years, this trend cannot continue indefinitely. As discussed earlier, the district use rate for Level III NICUs was approximately 34.5 percent higher than the statewide rate for in CY 2001 (908 days per 1,000 live births versus 675 statewide). Given these considerations, MCH expects the number of Level III NICU days will increase from current levels at the same rate as the number of live births among district residents. The applicant presented its Level III NICU utilization forecast with the eight-bed addition in the table below. The applicant states that the eight-bed addition to its Level III NICU will be adequate to accommodate expected demand through at least the first five years of operation.

MCH NICU III Utilization Forecast
July 2004-June 2009

Year End	Pt. Days	ADC	Occ. Rate
Jun-05	9,626	26.4	85.1%
Jun-06	9,649	26.4	85.3%
Jun-07	9,689	26.5	85.6%
Jun-08	9,745	26.7	86.1%
Jun-09	9,813	26.9	86.7%

Source: CON 9725; application pg. 32.

Because the eight additional Level III NICU beds requested in this application will be created via the conversion of existing acute care beds located in a space adjacent to the Level III NICU, the applicant feels that the conversion can be completed quickly and at a modest cost. The applicant forecasts that the new NICU beds would become operational in July 2004. The applicant feels that the eight additional beds requested in this proposal are needed to efficiently accommodate current levels of utilization at MCH, which already exceed the licensed Level III bed capacity. The applicant contends that the eight additional beds requested in this application would reduce the current Level III NICU occupancy rates at the facility to 85 percent. Thus, the applicant feels that the proposed bed addition is justified even if Level III NICU days in the district and at MCH do not increase in the future.

MCH along with JMH are the only area hospitals offering quaternary (quaternary care is by definition a fourth level of care, above and beyond tertiary, Level III, care). Please refer to E.4.b, below regarding quality.

According to the financial analysis, the impact of this project on competition to promote quality and cost-effectiveness will be insignificant.

This project is evidenced by the availability, efficiency, quality of care, accessibility, and extent of utilization of existing health care facilities and services in the applicant's service area.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): As previously stated, District 11's Level III NICU's experienced an average annual occupancy rate for the appropriate reporting period of 88.92 percent and need for 10 additional Level III NICU beds was published by the Agency.

As discussed below, the applicant identified several factors demonstrating its ability to support a Level III program at South Miami Hospital.

The first is the large birth volume at the facility that can support the proposed Level III NICU. SMH experienced 3,638 births in CY 2002, which is more than twice the minimum birth volume of 1,500 required by Rule. South Miami Hospital is one of only two facilities statewide, with more than 3,500 births, not supported by a Level III NICU. The applicant presents "Table 3" on page 12 of the application to support this claim.

The applicant maintains that the establishment of a Level III NICU at its facility would fill in the only gap that exists in its continuum of maternal/child services. It is noted that while the applicant is not licensed to provide Level III NICU services, its sister facility, Baptist Hospital of Miami, is currently licensed to provide this service and is located within minutes of SMH.

The applicant provided a table on page 16 of the application to show that 23.8 percent of mothers delivering at its facility are in the age bracket, 35-44 compared to 15.8 percent of this age mother delivering in the district as a whole. The applicant states that as a result of a disproportionate percentage of high-risk pregnancies (i.e., mothers ages 35+), South Miami Hospital has a significant number of infants needing neonatal intensive care services. In addition to the mother's age, the applicant gives infertility treatment as an example of a complicated medical condition contributing to a delivery being termed "high-risk".

The third factor the applicant offers is that an addition of a Level III NICU at South Miami Hospital would eliminate the transferring of its infants requiring Level III care, reducing unnecessary exposure to medical risks associated with transfers. The applicant contends that approving additional beds for co-batch applicant MCH, an existing Level III provider, will not alleviate the need to continue transferring the sickest babies to other facilities. Since MCH does not have an obstetrics unit, the applicant maintains that 100 percent of the infants in its Level III NICU are exposed to the medical risk associated with transfer. The applicant submitted several articles, one of which indicates that neonatal survival is greater when the mother is transported to the tertiary care center before giving birth than when the baby is transported. This 1997 article was written about how "sophisticated neonatal transport" has improved the safety of transporting preterm infants, but concludes that it is not a substitute for the benefits of in-utero transport. However, a 1994 article submitted by the applicant with a broader scope supported the regionalization of services and asserts that morbidity and mortality of low birth weight infants have decreased in recent years due in part to regionalization. Both articles are contained in Attachment 2 of the application. An article submitted by co-batched applicant JMH, also discusses the benefits of regionalization. It is titled "Perinatal

Regionalization Versus Hospital Competition: The Hartford Example" published in Pediatrics (Volume 96, No. 3, September 1995), and concludes that regionalization permits better care at lower costs. The applicant states that without Level III NICU capability, it has to transport infants requiring Level III NICU treatment to other facilities, which unnecessarily exposes the infant to an increase in destabilization. It is not clear that the number of births or expected births at the hospital outweigh the risks involved in operating a small Level III NICU. It is noted that although 10 beds were published as needed, the applicant is seeking to establish a smaller six-bed unit.

Between January 1, 2002 and June 30, 2003, SMH transferred 52 infants requiring Level III services to existing providers in District 11. Due to its geographic location, SMH typically transfers NICU infants to Baptist Hospital of Miami, Miami Children's Hospital, or Jackson Memorial, all of which are much closer to the applicant than either Mt. Sinai or North Shore. The applicant states that during CY 02, Baptist Hospital of Miami and Miami Children's Hospital received 83.3 percent of the Level III transfers from South Miami Hospital. The applicant argues that the Level III NICU occupancy rate for both of these facilities exceeded 100 percent in CY 02 and as a result, Level III NICU beds were sometimes not available at either facility. However, as noted earlier, Jackson Memorial's occupancy for CY 2002 was 81.96 percent and has experienced a decline in NICU admissions. The applicant provided three case studies based on hospital medical records, which document specific instances when it experienced difficult transferring Level III NICU infants. However, it is not clear why the applicant experienced difficulty transferring Level III NICU patients with at least one Level III provider in its service area experiencing an average occupancy of slightly above 80 percent.

The minimum unit size for Level III NICU, as discussed above in the agency rule criteria, is 15 beds. The applicant is only proposing to establish a six-bed program. Additionally, as previously discussed, it is not clear if the advantages gained through the reduction of the transport of low birth weight infants is outweighed by the risks associated with establishing a number of small neonatal intensive care units within a planning area.

Regarding quality of Level III services, the applicant states that its NICU staff possesses the experience and knowledge in treating fragile neonates. The applicant states that South Miami Hospital was the first private south Miami-Dade Hospital to provide 24-hour in-house neonatologists, "raising the standard of care for neonates in the area".

South Miami Hospital currently has nine neonatologists, all associated with Kidz Medical Services Inc., on staff providing 24-hour "in-house" coverage. The NICU staff of the hospital includes nurse practitioners, neonatal nurses, developmental pediatricians, respiratory therapists, speech pathologists, social workers, and other specialized neonatal health professionals. The last element of this characteristic discussed by the applicant is the neonatal transport experience. The current Level II NICU staff by virtue of their participation on the Neonatal Transport Team has "significant experience" treating Level III patients, according to the applicant. Baptist Hospital South Florida (related entity) provides a 24-hour transport service based at South Miami Hospital. The applicant has provided evidence that it can care for this level of neonate.

The financial data reveals that this proposed project would encourage competition in the local market.

Need for the project is evidenced by the availability, efficiency, quality of care, accessibility, and extent of utilization of existing health care facilities and services in the applicant's service area. It is again noted that the applicant is seeking to establish a six-bed unit while there is a published need for 10 beds.

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): JMH is a full-service tertiary care hospital and a statutorily designated teaching/research hospital. The facility is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) for the maximum three-year period (See Exhibit 5-1). *U.S. News & World Report* ranked JMH among the nation's top hospitals in the July 2003 issue of "America's Best Hospitals". The applicant is high indigent care provider and is a Regional Perinatal Intensive Care Center (RPICC). As a RPICC provider, there is tremendous oversight of the Neonatology Department. In addition to the monitoring of the NICU for its RPICC designation, the Department of Neonatology at JMH operates under the Holtz Children's Hospital to provide a continuum of care in pediatrics.

According to AHCA data, the applicant had 45 confirmed complaints (12 without deficiencies) during the past three years. Four of the confirmed complaints were patient care related, three were medical services related, three were related to patient's rights, three emergency access violations, one restraint complaint, thirteen billing/refund complaints, and three medical records/charting violations. The remainder of the complaints was of a miscellaneous nature. None of the emergency access violations were related to the NICU.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): The facility is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). MCH was ranked among the nation's top hospitals by *U.S. News & World Report*, which listed it among the nation's leading pediatric facilities in the July 2003 issue of "America's Best Hospitals". A survey conducted in 2001 by *Child* magazine ranked MCH as the #1 children's hospital in Florida, 2nd in the southeastern U.S., and the 14th in the entire country. The applicant demonstrates its capacity for providing quality care to patients. In July 2003, MCH became the first pediatric hospital in Florida, and one of only five in the nation, to receive a "Magnet" designation from the American Nurses Credentialing Center.

According to AHCA data, MCH had seven confirmed complaints (one without deficiencies) during the past three years. Three of the confirmed complaints were related to billing, one for inappropriate discharge, one related to the physical plant, and one complaint related to medical services.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): The facility is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), as well as the Commission for the Accreditation of Rehabilitation Facilities (CARF), the College of American Pathologists, the Association of Rehabilitation Nurses and the Case Management Society of America. The facility has also received numerous awards (see page 77 of the application). The applicant demonstrates its capacity for providing quality care to patients.

According to AHCA data, the applicant had 21 confirmed complaints (five without deficiencies), during the past three years. One of the confirmed complaints was related to patient care, two were medical services, four patient's rights violations, six billing/refund problems, one medical services deficiency, one dietary deficiency, and three emergency access violations. However, the emergency access violations were not related to the NICU. The applicant received a fine for $750.00 in April 2003, which has recently been paid. The fine stemmed from an October 2002 survey, which cited the applicant for a repeat offense of having no system for receiving and resolving patient's complaints.

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.

None of the co-batched applicant's proposed projects involve special health care services that are not reasonably or economically accessible in adjacent districts.

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): The proposed project will be located in a statutorily designated teaching hospital. JMH is an accredited, not-for-profit, tertiary care hospital and the major teaching facility for the University of Miami School of Medicine. The school's education program occurs at the undergraduate, graduate, and post-graduate levels throughout the medical center and is complimented by research performed in the basic science and clinical departments.

The applicant stated that over the past two decades, the neonatal program has been internationally recognized for its research reputation and expertise. The applicant further stated that the facility's neonatal program has been repeatedly selected as one of the centers of the Neonatal Intensive Care Units Network for Clinical Trials funded by the NIH. (Refer to Exhibit 7-3 for a description of research and clinical studies).

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) contends that MCH is an established pediatric teaching and research hospital.[2] Its Pediatric Residency Training Program is affiliated with the University of Miami's School of Medicine. Research activity is encouraged among pediatric residents at MCH and the internal review board evaluates all prospective in-hospital research projects. In addition, MCH offers subspecialty fellowships in several areas. MCH also serves as a primary pediatric facility providing third-year clinical clerkships and fourth-year sub-internships to medical students from the University of Miami, Nova-Southeastern University, the State University of New York at Brooklyn, and St. George's University of the Caribbean. MCH offers a variety of opportunities for accredited continuing medical education including: grand rounds, radiology rounds, postgraduate programs, and special conferences/workshops.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): 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. The applicant maintains that its proposed Level III NICU program will affect the clinical needs of health care professionals by having several programs in place to provide guidance, and in some cases, offer financial assistance to those interested in pursing nursing education.

The applicant provided a description of several continuing education programs offered at the hospital such as the Preceptor and NICC Programs. The NICC (Neonatal Intensive Care Course) is an eight-week course designed to train nurses to work in the neonatal intensive care units. Its parent corporation, Baptist Hospital of South Florida (BHSF), has a tuition assistance program already in place as well as a scholarship program to encourage employees to enter the field of nursing. In addition, BHSF has partnered with Miami-Dade Community College to provide on-site training for its nursing students. Most classes are held at the applicant's sister facility, Baptist Hospital of Miami, with clinical rotations at all BHSF hospitals. BHSF has a Professional Nursing Advancement Program and a Center of Excellence in Nursing.

[2] Miami Children's Hospital is not a statutorily designated teaching hospital.

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.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): The audited financial statements 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. The following is a list of accounts and ratios used in the analysis:

	09/30/2002		09/30/2001	
Current Assets	$	306,735,849	$	268,111,209
Cash and Current Investment	$	14,885,671	$	26,179,931
Assets Restricted for Capital Projects	$	148,588,426	$	36,988,905
Total Assets	$	1,042,334,118	$	1,035,186,357
Current Liabilities	$	221,092,327	$	203,129,693
Total Liabilities	$	444,516,251	$	429,967,425
Total Equity	$	597,817,867	$	605,218,932
Net Operating Revenues	$	951,706,580	$	788,856,448
Interest Expense	$	9,285,126	$	10,681,094
Net Profit – Operations	$	-272,462,180	$	-257,662,499
Net Income	$	-7,401,065	$	17,065,025
Cash Flow from Operations	$	-253,801,010	$	-238,736,069
Working Capital	$	85,643,522	$	64,981,516
Current Ratio (CA/CL)		1.4		1.3
Cash Flow to Current Liabilities (CFO/CL)		-1.1		-1.2
Long-Term Debt to Equity (TL-CL/TE)		0.4		0.4
Times Interest Earned (NPO+Int/Int)		-28.3		-23.1
Equity to Total Assets (TE/TA)		57.4%		58.5%
Operating Margin (NPO/NOR)		-28.6%		-32.7%
Total Margin (NI/NOR)		-0.8%		2.2%
Return on Assets (NI/TA)		-0.7%		1.6%
Operating Cash Flow to Assets (CFO/TA)		-24.3%		-23.1%

Short-term position:

The applicant's current ratio of 1.4 is below average for Florida hospitals, but an acceptable position. The working capital (current assets less current liabilities) of $85.6 million is significant. The ratio of cash flow to current liabilities of -1.1 is weak, reflecting the negative operating cash flows of $(254) million. The applicant had non-operating revenue of $265 million in 2002 and $274 million in 2001. This non-operating revenue comes primarily from Miami-Dade County funding and Sales tax revenues. Assuming continuation and consistency of this non-operating revenue, the applicant has a satisfactory short-term position.

Long-term position:
The long-term debt to equity of 0.4 is good, reflecting a relatively low amount of long-term debt. The poor cash flow to assets of -24.3 percent is due to the large negative cash flows. The most recent year had an operating loss of $272 million, which resulted in a margin of -28.6 percent, a very poor level of operating earnings. As indicated above the applicant has a consistent source of non-operating revenues, which make the net income after the non-operating revenues a better indicator of the financial health than the operating profit or loss. The total equity of $598 million with the equity to assets of 57.4 percent is among the strongest for Florida hospitals. This significant amount of net assets and the non-operating revenues support the weak operations and give the applicant a satisfactory long-term position.

Capital requirements:
Schedule 2 shows $68 million in capital projects. The applicant has $15.7 million in long-term debt principal due by September 30, 2004. Including this debt, the total funding needed is $83.7 million.

Available capital:
Schedule 2 indicates funding for these projects will come from cash on hand. The applicant's audited financial statement shows cash and assets restricted for capital projects of $163 million.

Conclusion:
The applicant has the ability to fund all capital needs.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): The audited financial statements for the periods ending December 31, 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. The following is a list of accounts and ratios used in the analysis:

	12/31/2002		12/31/2001	
Current Assets	$	63,433,303	$	48,345,132
Cash and Current Investment	$	21,375,359	$	10,820,473
Assets Restricted for Capital Projects	$	100,618,650	$	108,995,645
Total Assets	$	388,125,280	$	381,823,472
Current Liabilities	$	42,711,499	$	38,807,179
Total Liabilities	$	219,304,456	$	197,745,829
Net Assets	$	168,820,824	$	184,077,643
Net Operating Revenues	$	253,590,158	$	227,681,819
Interest Expense	$	7,668,856	$	7,297,953
Loss from Operations	$	-2,702,052	$	8,915,567
Deficit of Revenues over Expenses	$	-3,740,287	$	1,746,366
Cash Flow from Operations	$	32,188,300	$	24,112,496
Working Capital	$	20,721,804	$	9,537,953
Current Ratio (CA/CL)		1.5		1.2
Cash Flow to Current Liabilities (CFO/CL)		0.8		0.6
Long-Term Debt to Net Assets (TL-CL/NA)		1.0		0.9
Times Interest Earned (IO+Int/Int)		0.6		2.2
Net Assets to Total Assets (NA/TA)		43.5%		48.2%
Operating Margin (IO/NOR)		-1.1%		3.9%
Total Margin (ER/TR)		-1.5%		0.8%
Return on Assets (ER/TA)		-1.0%		0.5%
Operating Cash Flow to Assets (CFO/TA)		8.3%		6.3%

Short-term position:
The applicant's current ratio of 1.5 is between the 20th and 50th percentile of Florida hospitals, an acceptable if mediocre position. The working capital (current assets less current liabilities) of $20.7 million is good. The most recent year had an operating loss of $2.7 million resulting in a margin of -1.1 percent, which is below average for Florida hospitals. The ratio of cash flow to current liabilities of 0.8 is good. Overall, the applicant has an acceptable short-term position.

Long-term position:
The long-term debt to equity ratio of 1.0 means this debt is equal to net worth, an acceptable position. The ratio of cash flow to assets of 8.3 percent is above the average for Florida hospital. Total equity is $168 million with the ratio of equity to assets of 43.5 percent good. Overall, the applicant has an acceptable long-term position.

Capital requirements:
Schedule 2 indicates the applicant had $65.2 million in capital projects planned or underway. The audited financial statements disclosed $6.9 million in principal repayment on long-term debt due through 2004; therefore $72.1 million is the total funding needed during the period ending when this project is begun.

Available capital:
Schedule 2 indicates funding for these projects will come from operating cash flows. The applicant's most recent audited financial statement indicates it had assets reserved for future capital projects of $100 million and cash flows of $32 million.

Conclusion:
The applicant should be able to fund all capital projects as needed.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): The audited financial statements 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. The following is a list of accounts and ratios used in the analysis:

		09/30/2002		09/30/2001
Current Assets	$	42,397,584	$	38,358,694
Cash and Current Investment	$	13,526	$	12,901
Assets Restricted for Capital Projects	$	0	$	0
Total Assets	$	123,491,141	$	118,281,721
Current Liabilities	$	44,016,613	$	41,758,696
Total Liabilities	$	128,032,319	$	118,817,635
Total Equity	$	-4,541,178	$	-535,914
Net Operating Revenues	$	270,897,192	$	245,467,593
Interest Expense	$	3,858,941	$	3,768,976
Net Profit - Operations	$	32,067,083	$	28,985,089
Net Income	$	33,335,378	$	29,071,244
Cash Flow from Operations	$	46,325,001	$	44,181,743
Working Capital	$	-1,619,029	$	-3,400,002
Current Ratio (CA/CL)		1.0		0.9
Cash Flow to Current Liabilities (CFO/CL)		1.1		1.1
Long-Term Debt to Equity (TL-CL/TE)		-18.5		-143.8
Times Interest Earned (NPO+Int/Int)		9.3		8.7
Equity to Total Assets (TE/TA)		-3.7%		-0.5%
Operating Margin (NPO/NOR)		11.8%		11.8%
Total Margin (NI/NOR)		12.3%		11.8%
Return on Assets (NI/TA)		27.0%		24.6%
Operating Cash Flow to Assets (CFO/TA)		37.5%		37.4%

Short-term position:
The applicant's current ratio of 1.0 indicates current assets are materially equal to short-term liabilities, a minimal position. The negative working capital (current assets less current liabilities) of $-1.6 million is weak. The most recent year had a strong operating profit of $32 million resulting in a margin of 11.8 percent. The ratio of cash flow to current liabilities of 1.1 is good. With strong cash flows and good operating profits the low current ratio is offset, resulting in an adequate short-term position.

Long-term position:
The long-term debt to equity of -18.5 means this debt is very high in relation to the negative net worth of the entity, a very weak position. The cash flow to assets of 37.5 percent is very high. The total negative equity of $(4.5) million with the equity to assets of -3.7 percent is unsatisfactory. The applicant has a weak long-term position.

South Miami Hospital, Inc. is a non-profit subsidiary of Baptist Health Systems of South Florida, Inc. In 2002, the applicant transferred $37.6 million to the parent. Without this transfer, the current ratio and equity ratios would have been significantly improved. The previous year showed a transfer of $19.2 million to the parent. These transfers are not loans, repayment of loans, or any type of due to or from the parent, but simple equity transfers that weaken the financial position. The poor financial position of this entity is due entirely to the large transfers to the parent.

Capital requirements:
Schedule 2 indicates the applicant had $158.7 million in capital projects planned or underway. The audited financial statements disclosed long-term debt maturing through the construction period of this project of $4.6 million, which when added to the Schedule 2 amount would total $163.3 million.

Available capital:
Schedule 2 indicates funding for these projects will come from cash on hand of $35.7 million and operating cash flows of $2.9 million. The applicant's audited financial statement for September 30, 2002 indicates it had minimal cash on hand but had cash flows of $46 million. Baptist Health South Florida, Inc., the corporate parent of the applicant, has committed to fund the entire capital budget if necessary.

Conclusion:
Assuming that the applicant coordinates adequate future cash flows with the parent, all capital requirements should be adequately addressed.

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

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): 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 8. 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.

Net revenue per adjusted patient day (NRAPD) of $1,831 in year one and $1,886 in year two is between the control group median and highest values of $1,824 and $2,079 in year one and $1,882 and $2,145 in year two. The highest level is generally viewed as the practical upper limit on economies of operation. With net revenues falling between the median and highest level, the facility is expected to consume health care resources in proportion to the services provided. (See Comparative Table). The 2002 actual NRAPD for this hospital was $1,378. This projected increase in NRAPD from $1,378 in 2002 to $1,886 in 2006 is not likely.

Projected cost per adjusted patient day of $1,817 in year one and $1,869 in year two is between the group lowest and median values of $1,562 and $1,863 in year one and $1,612 and $1,923 and in year two. This application is considered cost efficient when compared to the control group. (See Comparative Table). The 2002 actual CAPD for this hospital was $1,774.

The year two operating profit for the hospital of $11.0 million computes to an operating margin per adjusted patient day of $17 which is between the peer group median of $-50 and highest of $99. The 2002 financial data submitted to the agency shows the hospital with an operating margin of $(216) million. Historically this facility has operating losses and relies heavily on county and sales tax revenues to supplement its revenues. It is not likely that will have profitable operations. The projections indicate the addition of these 10 NICU III beds will add incremental profits of $953,548. Although the operating profit projected is not probable, this project appears to be financially feasible.

COMPARATIVE TABLE

CON # 9724 Public Health Trust Miami-Dade 2001 DATA Peer Group 8	2006 YEAR 2 ACTIVITY	YEAR 2 ACTIVITY PER DAY	VALUES ADJUSTED FOR INFLATION Highest	 Median	 Lowest
ROUTINE SERVICES	2,089,603,066	3,197	1,029	758	447
INPATIENT AMBULATORY	0	0	260	61	50
INPATIENT ANCILLARY SERVICES	0	0	4,254	2,470	2,056
OUTPATIENT SERVICES	569,318,826	871	1,719	1,154	920
OTHER OPERATING REVENUE	396,771,334	607	66	39	29
TOTAL REVENUE	3,055,693,226	4,675	6,332	4,720	4,006
DEDUCTIONS FROM REVENUE	1,822,948,200	2,789	*	*	*
NET REVENUES	1,232,745,026	1,886	2,145	1,882	1,423
EXPENSES					
ROUTINE	321,195,968	491	492	290	262
ANCILLARY	432,645,707	662	745	674	614
AMBULATORY	74,977,312				
OVERHEAD	392,844,472	601	1,056	786	663
OTHER	0	0			
TOTAL EXPENSES	1,221,663,459	1,869	2,235	1,923	1,612
OPERATING INCOME	11,081,567	17	99	-50	-454
		0.9%			
PATIENT DAYS	446,933		VALUES NOT ADJUSTED		
ADJUSTED PATIENT DAYS	653,564		FOR INFLATION		
TOTAL BED DAYS AVAILABLE	643,130				
ADJ. FACTOR	0.6838				
TOTAL NUMBER OF BEDS	1,762				
PERCENT OCCUPANCY	69.5%		64.7%	57.9%	48.1%
PAYER TYPE	PATIENT DAYS	% TOTAL			
MEDICARE	64,067	14.3%	55.7%	32.2%	13.3%
COMMERCIAL	35,954	0.0%			
MEDICAID	83,087	18.6%	32.2%	20.6%	5.6%
PRIVATE	60,587	13.6%			
HMO/PPO	88,368	19.8%	43.3%	30.0%	8.4%
OTHER	114,870	25.7%			
TOTAL	446,933	100.0%			

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): 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 14. 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.

Net revenues per adjusted patient day (NRAPD) of $2,167 in year one and $2,234 in year two are above the control group highest value of $2,129 in year one and $2,197 in year two. The highest level is generally viewed as the practical upper limit on economies of operation. With net revenues falling above the highest level, the facility is expected to consume greater health care resources than the control group in proportion to the services provided. (See Comparative Table). The 2002 actual NRAPD for this hospital was $1,986.

Anticipated costs per adjusted patient day of $2,296 in year one and $2,350 in year two are between the group median and highest values of $2,131 and $2,398 in year one and $2,200 and $2,475 in year two. This application is considered cost efficient when compared to the control group. (See Comparative Table). The 2002 actual CAPD for this hospital was $2,220.

The year two operating loss for the hospital of $(12.2) million computes to an operating margin per adjusted patient day of $(116 which is between the peer group lowest and median of $(258) and $(17). The operating margin computes to -5.2 percent, which is low for Florida hospitals. The 2002 financial data submitted to the agency shows the hospital with an operating loss of $(22.5) million. This project is expected to contribute $(28,449) to the operating loss.

The projections show non-operating income, net of expenses, of $22.5 million. This revenue comes primarily from grants and investments. As with many not-for-profit hospitals there are operating losses, but non-operating gains to cover losses. There are certain implied intangible financial benefits attached to this project; however, this review is unable to place a value on these. From a financial standpoint, the project adds to the operating weakness of the hospital and would not ordinarily be feasible without other hospital revenue sources.

COMPARATIVE TABLE

CON # 9725 **Miami Children's Hospital** **2001 DATA Peer Group14**	2006 YEAR 2 ACTIVITY	YEAR 2 ACTIVITY PER DAY	VALUES ADJUSTED FOR INFLATION Highest	 Median	 Lowest
ROUTINE SERVICES	90,720,624	859	771	182	62
INPATIENT AMBULATORY	8,302,769	79	55	10	1
INPATIENT ANCILLARY SERVICES	267,562,061	2,533	2,308	1,110	167
OUTPATIENT SERVICES	179,118,304	1,696	4,647	1,859	1,254
OTHER OPERATING REVENUE	8,089,334	77	123	45	28
TOTAL REVENUE	553,793,092	5,242	5,000	4,152	3,189
DEDUCTIONS FROM REVENUE	317,750,494	3,008	*	*	*
NET REVENUES	236,042,598	2,234	2,197	2,136	1,495
EXPENSES					
ROUTINE	47,973,254	454	338	108	69
ANCILLARY	51,103,190	484	672	639	519
AMBULATORY	17,867,909				
OVERHEAD	131,309,109	1,243	1,407	1,021	689
OTHER		0			
TOTAL EXPENSES	248,253,462	2,350	2,475	2,200	1,417
OPERATING INCOME	-12,210,864	-116	343	-17	-258
		-5.2%			
PATIENT DAYS	69,926		VALUES NOT ADJUSTED		
ADJUSTED PATIENT DAYS	105,636		FOR INFLATION		
TOTAL BED DAYS AVAILABLE	97,820				
ADJ. FACTOR	0.6620				
TOTAL NUMBER OF BEDS	268				
PERCENT OCCUPANCY	71.5%		65.0%	53.2%	2.8%
PAYER TYPE	PATIENT DAYS	% TOTAL			
MEDICARE	401	0.6%	37.0%	27.4%	0.6%
COMMERCIAL	0	0.0%			
MEDICAID	29,998	42.9%	45.9%	7.3%	4.4%
PRIVATE	1,924	2.8%			
HMO/PPO	37,002	52.9%	48.9%	46.1%	26.8%
OTHER	601	0.9%			
TOTAL	69,926	100.0%			

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): The 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 group 5. Per diem rates are expected 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.

Gross revenues, net revenues, and costs were obtained from Schedules 7 and 8 in the financial section 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 revenues per adjusted patient day (NRAPD) of $2,042 in year one and $2,110 in year two are between the control group median and highest values of $1,381 and $2,147 in year one and $1,425 and $2,216 in year two. The highest level is generally viewed as the practical upper limit on economies of operation. With net revenues falling between the median and highest level, the facility is expected to consume health care resources in proportion to the services provided. (See Comparative Table). The 2001 actual NRAPD for this hospital was $1,663. Inflated forward to year one the 2001 NRAPD would be $1,900.

Anticipated costs per adjusted patient day of $1,958 in year one and $2,048 in year exceed the peer group highest values of $1,874 in year one and $1,935 in year two. This application is not considered cost efficient when compared to the control group. (See Comparative Table). The 2001 actual CAPD for this hospital was $1,445 and inflated to year one would be $1,652.

The year two operating profit for the hospital of $9.3 million computes to an operating margin per adjusted patient day of $61 which is between the peer group median and highest of $27 and $358. The operating margin computes to 2.9 percent, which is in the average range for Florida hospitals. The 2001 financial data submitted to the agency shows the hospital with an operating margin of $29 million.

This project is expected to contribute $104,000 to the hospital's operating margin. The financial estimates are reasonable but operating expenses are high when compared to the group. Cost efficiencies that the hospital has historically achieved are not expected to continue. However, the project is financially feasible.

Managed care penetration is an indicator of competition in the local health care market. Managed care contracts by nature involve insurers "shopping around" searching for the best price for services provided by the insured. The process requires hospitals to compete for managed care contracts through a negotiated price thereby exerting downward pressure on hospital prices to secure the contract.

Competition and cost efficiencies are linked indirectly through the profit margin. All other things being equal, hospitals that are cost efficient will have the flexibility to increase market share through price competition by discounting prices while at the same time preserving adequate profitability.

By 2001, SMH had achieved a very high penetration of managed care in the local market at 54 percent of total patient days while at the same time earning a healthy $29 million profit. The potential for the hospital to provide an attractive negotiated price for services is still high.

The level of managed care penetration is predicted to continue through the first two years of the project, thereby preserving competition. Unfortunately, hospital costs are expected to increase significantly during the first two years of the project thereby reducing the profit level to only $9 million. The hospital is choosing to react to the cost increases by lowering profit estimates instead of raising prices. This is confirmed when looking at NICU charges. Prices per patient day are estimated at less than the median of all hospitals providing NICU III services, thereby maintaining an attractive positioning market for the NICU services.

COMPARATIVE TABLE

CON # 9726					
South Miami Hospital	2006	YEAR 2			
2001 DATA Peer Group 5	YEAR 2	ACTIVITY	INFLATION ADJ. VALUES		
	ACTIVITY	PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	184,794,000	1,218	1,239	611	280
INPATIENT AMBULATORY	0	0	166	63	16
INPATIENT ANCILLARY SERVICES	433,726,000	2,859	4,331	2,467	1,153
OUTPATIENT SERVICES	363,234,000	2,394	2,224	1,529	282
OTHER OPERATING REVENUE	3,533,000	23	206	12	0
TOTAL REVENUE	985,287,000	6,494	7,102	4,878	1,751
DEDUCTIONS FROM REVENUE	665,170,000	4,384	*	*	*
NET REVENUES	320,117,000	2,110	2,216	1,425	537
EXPENSES					
ROUTINE	80,515,000	531	329	246	163
ANCILLARY	84,202,000	555	764	495	228
AMBULATORY	9,516,000				
OVERHEAD	131,833,000	869	914	648	342
OTHER	4,749,000	31			
TOTAL EXPENSES	310,815,000	2,048	1,935	1,438	796
OPERATING INCOME	9,302,000	61	358	27	-372
		2.9%			
PATIENT DAYS	95,249		NOT INFLATION ADJUSTED		
ADJUSTED PATIENT DAYS	151,729				
TOTAL BED DAYS AVAILABLE	162,425				
ADJ. FACTOR	0.6278				
TOTAL NUMBER OF BEDS	445				
PERCENT OCCUPANCY	58.6%		91.5%	56.7%	23.3%
PAYER TYPE	PATIENT DAYS	% TOTAL			
MEDICARE	27,734	29.3%	69.4%	45.7%	20.3%
COMMERCIAL	6,388	0.0%			
MEDICAID	4,926	5.2%	27.7%	6.8%	0.5%
PRIVATE	3,573	3.8%			
HMO/PPO	52,014	55.0%	59.9%	36.1%	8.5%
OTHER	0	0.0%			
TOTAL	94,635	100.0%			

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

The following chart is a comparison of each co-batched applicant's pro formas in Year 2 and discussed below.

District 11 Level III NICU Projects			
	Public Health Trust of Miami -Dade	**Variety Children's Hospital**	**Miami Hospital**
CON Number	9724	9725	9726
Net Revenue per adjusted patient day	$1,886	$2,234	$2,110
Cost per adjusted patient day	$1,869	$2,350	$2,048
Operating profit per patient day	$17	($116)	$61
Estimated Managed Care level	19.8%	52.9%	55.00%
Estimated Medicaid level	18.6%	42.9%	5.20%

Source: CON applications, Financial pro formas

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): The applicant projects managed care to represent 19.8 percent of its patient days. This is between the control group lowest and median levels of 8.4 percent and 30.0 percent and is at the hospital's own 2002 managed care level of 19.8 percent. It does not appear that this project will have any significant impact on competition.

The proposed NICU III project was compared to all other hospitals in the state with approved NICU III programs. Schedule 7, total gross revenue for the project only is projected to be $12,195,975 for year two. With 2,920 patient days anticipated the gross revenue (gross charges) per patient day computes to $4,176. This amount is between the median and highest of $3,038 and $6,185 respectively. The 2002 average NICU III charge for this hospital was $3,471.

With the NICU III charges between the median and highest values, this project is not likely to foster positive competition to promote quality and cost-effectiveness.

The project should have minimal impact on competition to promote quality assurance and cost-effectiveness.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) forecasts managed care to represent 52.9 percent of its patient days. This is above the control group's highest level of 48.9 percent and is equal to the hospital's reported 2002 managed care level. This level, if realized, will have a positive impact on competition to promote quality assurance and cost-effectiveness.

The proposed NICU III project was compared to all other hospitals in the state with approved NICU III programs. Schedule 7, total gross revenue for the project only is projected to be $246,886 for year two. With 38 patient days anticipated the gross revenue (gross charges) per patient day computes to $6,497. This amount is between the median and the highest charges of $3,376 and $7,431. The hospital's 2002 average NICU III charge per day was $4,632. With the NICU III charges between the median and highest, minimal competitive impact will be felt.

The impact of this project on competition to promote quality and cost-effectiveness will be insignificant.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) forecasts managed care to represent 55.0 percent of its patient days. This is between the control group's median and highest levels of 36.1 percent and 59.9 percent and is just above the hospital's own 2001 managed care level of 54.3 percent. The hospital's large proportion of managed care patient days to total patient days will continue to stimulate competition in the local health care market.

The proposed NICU III project was compared to all other hospitals in the state with approved NICU III programs. Schedule 7, total gross revenue for the project only is estimated at $6,042,000 for year two. With 1,827 patient days anticipated, the gross revenue (gross charges) per patient day computes to $3,307. This amount is between the lowest and median values of $1,879 and $3,376 respectively. With the NICU III charges at the median, the hospital will encourage competition in the local market.

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.

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): The plans in this application appear to be identical to those submitted for CON #9670, and the architectural comments below remain the same.

The application proposes the addition of 10 new Level III NICU beds to augment the existing 126 neonatal beds in the 1,498-bed facility. There are 66 existing Level III beds in the proposed location at the Holtz Children's Hospital.

The anticipated renovation will take place on the fourth floor in an area that is currently occupied by office spaces, which will be relocated.

Each of the proposed new beds is in individual rooms. Each has a hand washing station and a glass wall facing the open L-shaped work corridor space. Two of the patient rooms provide space for parents' sleeping and have dedicated private accessible toilet rooms.

The clean utility room functions have been spread out into the open work corridor part of the NICU, which is acceptable. There are numerous charting and dictation spaces.

There are two entrance/exit points for the proposed Level III area. One is presumably for staff at one end of the space and the other point has two adjacent corridor doors leading into a waiting room and the NICU proper. A door from the waiting room directly to the NICU would function better. As designed, any visitor getting permission from the attendant to enter the unit has to go back into the public corridor and enter the NICU through the adjacent door.

Several of the ancillary support spaces included in the new unit do not meet previous code standards for minimum square footage. Some of these square footages are no longer required, but the applicant should make sure that the sizes of the spaces are adequate for the facility's needs.

The staff lounge, locker room and toilets exist and are located across the corridor from the new NICU, which is satisfactory. Each patient care space has a minimum of 120 square feet exclusive of sinks and aisles. It appears that this requirement has been met from the plans submitted.

The application included a large-scale plan of the existing space as reconfigured by the renovation as well as a 1/16" life safety plan of the fourth floor showing the existing spaces to be demolished.

There was no readily apparent list of building codes included in the application, but the latest editions of the applicable codes will be used to review the project should the CON be granted and the project submitted to the ACHA Office of Plans and Construction.

Cost data and schedules submitted seem to be reasonable for what is essentially rather minor renovation of existing space.

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.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): The plans in this application appear to be identical to those submitted for CON #9669, and the architectural comments below remain the same.

The applicant proposes to convert eight existing acute care beds to eight Level III NICU beds. The area to be renovated is adjacent to four NICU nurseries and the new beds will utilize the existing staff and support spaces. This proposal would increase the total Level III unit from 23 to 31 beds without changing the total bed count of the facility.

There was also no demolition plan to indicate the extent of the labor required to establish the new eight-bed area, but the applicant states that there will only be minor renovation involved.

Many CON applications do not include demolition plans, which complicate the review of the construction costs. The cost information in this application is identical to the previous one, but it is most likely that these costs would have increased somewhat in the interim. However, the cost for the project still appears to be reasonable, as does the schedule presented.

Since the existing ancillary spaces appear to have served the eight beds to be converted, it can be assumed that they are adequate to serve the eight new NICU beds. The scrub sink alcove is somewhat more remote from the new nursery than would be ideal, but there are hands-free hand washing stations in the new space that meet the size requirements of the building codes and are sufficient for normal use.

The application included a site plan as well as a floor plan of the entire NICU suite and a larger scale plan of the proposed new space. Code listings were also included and are as correct as can be expected. The applicant's design professionals indicate that they are aware of the code situation in Florida and reference is made to the guidelines, which are referenced by the Florida Building Code.

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.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726): The floor plan in this application is almost identical to the plan reviewed for CON #9667 in April 2003. That plan showed adjacent areas in more detail than this new proposal and the scope has apparently been somewhat reduced.

The applicant proposes to establish a new six-bed Level III NICU by the conversion of six existing Level II NICU beds. The renovation will take place in the third floor neonatal area. Also located on this floor is the required on-call sleeping functions and a dedicated respiratory therapy room in the respiratory suite.

The space for the new nursery was planned, designed, and constructed to house Level III beds. The narrative states that there will be minimal modifications required to accomplish this conversion.

The application included a site plan, a floor plan of the third floor, and a larger scaled plan of the area to be converted. The extent of renovation/demolition is not shown.

Several things have been added, deleted, or changed in the new plan. A double scrub sink in the corridor has been eliminated as well as the blood gas space. The janitor's closet has been relocated and renamed "housekeeping". Several other spaces have had their names or functions changed. The soiled holding room has been enlarged and its secondary door that opened onto the corridor has been removed on the large-scale plan but still appears on the smaller plan. There should be a door opening to the corridor.

The new NICU is located adjacent to other similar spaces and most of the ancillary support functions for the new unit already exist. All code-related spatial requirements appear to have been met, although the med prep and clean work functions are co-located in a single room. An enlarged multipurpose room for breast feeding demonstration and counseling is located off the corridor between the entrances to this and another neo-natal care unit. Space for gowning supply and disposal facilities has been added, probably in response to the previous architectural review.

A list of applicable building codes is included and is up-to-date. Cost data and schedules submitted seem to be reasonable for what is essentially a minor renovation of existing space.

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.

The following table provides an indication of the co-batched applicant's commitment to charity and Medicaid, with comparison to the district, based on fiscal year (FY) 2001 actual data prepared by AHCA:

Medicaid and Charity Care of the Applicant Compared to the District for Fiscal Year 2001

Applicant	FY 01 Conventional Medicaid Days	FY 01 Gross Charity Percentage of Charges
Jackson Memorial Hosp.	35.78%	30.4%
Miami Children's Hospital	42.72%	1.5%
South Miami Hospital	4.32%	0.7%
District 11 Average	12.87%	3.1%

Source: FY 2001 Actual Data/AHCA

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724): As reflected in the table above, JMH's provision of Medicaid and charity care exceeds the district average. Its charity care is the highest out of the co-batched applicants and is also ranked as the number one provider of indigent care in the State of Florida. JMH is the designated RPICC provider for District 11 and a high indigent care provider.

The application also contains the projected payer distribution in the second year of operation of the proposed 10-bed Level III NICU:

Payer Distribution in the Ten-Bed Level III NICU by Category Second Year of Operation

Payer Category	Percent of Patient Days
Self-pay	15.2%
Medicaid	67.2%
Medicaid HMO	5.6%
Commercial Ins	2.6%
HMO/PPO	9.0%
Other Payers	0.4%
Total	**100.0%**

Source: CON Application 9670

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725): As reflected in the table above, Miami Children's Hospital's provision of Medicaid exceeds the district average and is the highest out of the co-batched applicants however, its charity care is lower than the district average. The applicant is a designated public hospital and a high indigent care provider.

The application also contains the projected payer distribution in the second year of operation of the proposed 10-bed Level III NICU:

Payor	Percent of Patient Days
Other Managed Care	57.9%
Medicaid	36.8%
Medicaid HMO	2.6%
Commercial Insurance	0.0%
Self-Pay	2.6%
Total	100.0%

As a condition of this application, the applicant commits that at least 35 percent of the Level III NICU days will be provided to Medicaid/charity care patients combined.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) proposes to condition the approval of this project for the provision of at least 30 percent of patient days in the proposed Level III NICU to Medicaid/charity/Medicaid HMO patients combined. As reflected in the table above, South Miami Hospital's provision of Medicaid and charity care is substantially lower than the district average and is the lowest compared to the co-batched applicants. The applicant is not a provider of high indigent care.

Schedule 6A of the application also contains the projected payer distribution in the second year of operation of the proposed six-bed Level III NICU:

Payor	Percent of Patient Days
Other Managed Care	62.7%
Medicaid	25.9%
Medicaid HMO	2.0%
Commercial Insurance	6.8%
Self-Pay	2.6%
Total	100.0%

F. SUMMARY

Public Health Trust of Miami-Dade County, Florida d/b/a Jackson Memorial Hospital (CON #9724) proposes to add 10 beds to its existing Level III NICU. The proposed project cost is estimated to be $2,922,878. Renovation costs are projected at $1,449,000 and the project will involve 3,081 gross square feet (GSF) of renovated space.

Need/Access:
JMH's Level III NICU program experienced an annual occupancy rate of 80.71 percent for CY 2002. A fixed need pool of 10 beds was published for Level III NICU services in District 11. The applicant indicates that it is applying in response to the fixed need as well as special circumstances. Need beyond that published was not demonstrated.

Quality of Care:
The applicant is JCAHO accredited, a RPICC provider, and a quality care provider.

Medicaid/Indigent Care:
JMH is a designated Medicaid Regional Perinatal Intensive Care Center and provides a high amount of indigent care.

Financial/Cost:
The applicant has a satisfactory short-term and long-term financial position. The applicant has a consistent source of non-operating revenue coming primarily from Miami-Dade County funding and sales tax revenues. Funding for this project will come from cash on hand. The applicant has the ability to fund all capital needs.

Architectural:
Several of the ancillary support spaces included in the new unit do not meet current code standards for minimum square footage, although these square footages are no longer required by the new codes.

The projected timetable appears to be reasonable given the scope of the project and cost data and schedules submitted seem to be reasonable for what is essentially minor renovation of an existing space.

Variety Children's Hospital, Inc. d/b/a Miami Children's Hospital (CON #9725) proposes to add eight beds to its existing Level III NICU at Miami Children's Hospital through the conversion of eight of its existing acute care beds.

The proposed project cost is estimated to be $872,967. Renovation costs are projected at $224,250 and the project will involve 1,250 gross square feet (GSF) of renovated space.

Need/Access:
District 11's Level III NICU's experienced an average annual occupancy rate of 88.92 percent for CY 2002 and MCH's Level III NICU experienced an annual occupancy of 109.39 percent. A fixed need pool of 10-beds was published for Level III NICU services in District 11. However, the applicant has challenged the validity of the published fixed need pool calculation indicating that this should have been zero, yet at the same time has indicted that there is hospital-specific need at Miami Children's Hospital for eight additional Level III NICU beds. The applicant has demonstrated that an institution-specific need for additional Level III NICU beds does exist at Miami Children's Hospital.

Quality of Care:
The applicant is JCAHO accredited and has demonstrated excellent quality of care.

Medicaid/Indigent Care:
According to the applicant's *Certificate of Need Predicated on Conditions* page, it will set aside a minimum of 35 percent of its Level III NICU patient days to Medicaid/charity care patients.

Financial/Cost:
Overall the applicant has an acceptable short-term and long-term position. The applicant should be able to fund all capital requirements as needed. From a financial standpoint, the project adds to the operating weakness of the hospital and would not ordinarily be feasible without other hospital revenue sources.

Architectural:
Since the existing ancillary spaces appear to have served the eight beds to be converted, it can be assumed that they are adequate to serve the eight new NICU beds. Total costs for the project appear to be reasonable, as does the schedule presented.

South Miami Hospital, Inc. d/b/a South Miami Hospital (CON #9726) proposes to establish a six-bed Level III NICU through the conversion of six of the facility 's 23 Level II NICU beds at South Miami Hospital.

The proposed project cost is estimated to be $532,039. Renovation costs are projected at $326,250 and the project will involve 1,740 gross square feet (GSF) of renovated space.

Need/Access:
A fixed need pool of 10-beds was published for Level III NICU services in District 11. The applicant is applying in response to the fixed need pool as well as special (not normal) circumstances. Need beyond that published was not demonstrated.

Quality of Care:
The applicant is JCAHO accredited and a quality care provider.

Medicaid/Indigent Care:
According to the applicant's *Certificate of Need Predicated on Conditions* page, it will set aside a minimum of 30 percent of its Level III NICU patient days to Medicaid/Medicaid HMO/charity patients combined.

Financial/Cost:
The short-term position of the applicant is adequate and the long-term position is weak. The poor financial position of this entity is due entirely to large transfers of money to the parent corporation. Funding for this project will come from cash on hand of $35.7 million and operating cash flows of $2.9 million. Baptist Health South Florida, Inc., the corporate parent of the applicant, has committed to fund the entire capital budget if necessary. Assuming that the applicant coordinates adequate future cash flows with the parent, all capital requirements should be adequately addressed.

Architectural:
The space for the new Level III NICU was planned, designed, and constructed to house Level III beds. The new NICU is located adjacent to other similar spaces and most of the ancillary support functions for the new unit already exist. All code-related spatial requirements appear to have been met, although the med prep and clean work functions are co-located in a single room. The narrative states that there will be minimal modifications to accomplish this conversion. Submitted cost data and schedules appear to be reasonable.

G. RECOMMENDATION

Approve CON #9724 to add 10 Level III neonatal intensive care unit (NICU) beds to Jackson Memorial Hospital's existing 66-bed unit through the delicensure of five Level II NICU beds at Jackson North. The project cost is $2,922,878 and involve renovation costs of $1,449,000 and 3,081 GSF of space.

Approve CON #9725 to add eight Level III neonatal intensive care unit (NICU) beds at Miami Children's Hospital through the conversion of eight acute care beds. The project involves 1,250 GSF of renovation and construction costs of $872,967. Total project costs are $872,967.

CONDITION: A minimum of 35 percent of the total annual patient days in the Level III NICU shall be provided to Medicaid/charity patients on a combined basis.

Deny CON #9726.

AUTHORIZATION FOR AGENCY ACTION

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

DATE: ____________________

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Karen Rivera
Health Services and Facilities Consultant Supervisor
Certificate of Need

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