

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

University Community Hospital, Inc. (CON #9758)
3100 East Fletcher Avenue
Tampa, Florida 33613

Authorized Representative: Brigitte Shaw, Chief Operating Officer
(813) 615-7201

2. Service District/Subdistrict

District 6 (Hillsborough, Manatee, Polk, Hardee, & Highlands Counties).

B. PUBLIC HEARING

A public hearing was not held or requested regarding the proposed project. However, the applicant submitted letters of support for its project as discussed below.

University Community Hospital, Inc. (CON #9758) submitted 15 letters of support with its application specifically endorsing its addition of 10 comprehensive medical rehabilitation (CMR) beds at University Community Hospital (UCH). Two of the letters were duplicates of the 11 letters directly received by the Agency. All of the letters were from local area physicians.

The letters stated that the applicant provides excellent care to its patients. All of the doctors who submitted a letter have had difficulty at times with referring patients to the unit because it is at full or near full capacity. A few letters state that, as the community continues to grow, so should this CMR unit, as this would allow for continuity of care and meet the needs of the expanding population.

C. PROJECT SUMMARY

University Community Hospital, Inc. (CON #9758) (d/b/a University Community Hospital (UCH)) is a not-for-profit corporation and full-service tertiary hospital located in the north Tampa Area of Hillsborough County. It has 431 beds comprised as follows: 401 acute care beds, 20 CMR beds, and 10 Level II Neonatal Intensive Care Unit (NICU) beds. It also has CON (#9492) approval to add five Level III NICU beds. UCH currently operates a 20-bed CMR unit and proposes to add 10 more beds.

The applicant agrees to condition the project upon locating at UCH and “serving all projects in need of CMR services, including Medicaid and indigent patients.”

The total project cost is estimated at \$928,650. Construction costs are projected at \$673,200 and the project will involve 5,640 gross square feet (GSF) of new construction.

D. REVIEW PROCEDURE

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

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

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

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

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

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

In Volume 30, Number 4, dated January 23, 2004 on page 388 of the Florida Administrative Weekly, a fixed need pool of zero beds was published for comprehensive medical rehabilitation beds in District 6 for the July 2009 planning horizon.

District 6 has 131 licensed comprehensive medical rehabilitation beds and zero approved beds. The comprehensive medical rehabilitation beds in District 6 experienced an occupancy rate of 76.55 percent during the period July 2002 through June 2003. The applicant is applying outside of the fixed need pool.

The applicant states that there are compelling reasons for “not normal” circumstances that justify its 10-bed request. Two of its arguments with regard to utilization rates are discussed in the next portion of this section.

The applicant contends that the closing of its own 20-bed skilled nursing unit (SNU) several months ago, and the closing of the SNU at its sister facility, UCH at Carrollwood has led to increased demand for CMR services. Some patients who may have been served in these SNUs are now being referred to the applicant’s CMR unit.

- b. **According to 59C-1.039 (5)(d) of the Florida Administrative Code, need for new or expanded comprehensive medical rehabilitation inpatient services shall not normally be made unless a bed need exists according to the numeric need methodology in paragraph (5)(c) of this rule. Regardless of whether bed need is shown under the need formula in paragraph (5)(c), no additional comprehensive medical rehabilitation inpatient beds shall normally be approved for a district unless the average annual occupancy rate of the licensed comprehensive medical rehabilitation inpatient beds in the district was at least 90 percent for the 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool.**

As shown in the table below, District 6 has 131 licensed comprehensive medical rehabilitation beds that experienced an occupancy rate of 76.55 percent during the period July 2002 through June 2003:

Comprehensive Medical Rehabilitation Bed Utilization District 6 - July 2002 - June 2003					
Facility	Beds	County	Jan.-Mar. 2003	Apr.-Jun. 2003	12 Month Total Occupancy %
The Tampa General Hospital	59	Hillsborough	77.12%	78.69%	75.57%
Winter Haven Hospital	24	Polk	67.31%	58.29%	57.84%
University Community Hospital	20	Hillsborough	90.72%	90.22%	89.40%
Blake Medical Center	28	Manatee	103.77%	90.93%	85.50%
Total District Beds/District Utilization	131		83.10%	79.33%	76.55%

Source: Florida Hospital Bed and Service Utilization by District January 23, 2004.

As noted in the table above the applicant obtained a rate of 90.72 percent for and 90.22 percent for the two consecutive quarters for the 12-month period ending six months prior to beginning date of the relevant period for this criterion, which is July 2003-June 2003.

The applicant states that it is the highest of the four providers in District 6, with an average occupancy rate of 89.4 percent for the period of July 2002-June 2003. As shown in the table above, Blake Medical Center in Manatee County (a 28-bed CMR unit) averaged 85.5 percent occupancy, Tampa General Hospital (a 60-bed CMR unit) averaged 75.57 percent and Winter Haven in Polk County (a 24-bed CMR unit) averaged 57.84 percent occupancy.

The table below reflects the projected AHCA population data.

Population Estimates for District 6 Plus Pasco Counties Percent Change by County For Total Population, 65 and over, and 75 and over Population					
County	Total July 2004	Total July 2009	Percent Change	65+ Percent Change	75+ Percent Change
Hardee	27,899	30,139	8.03%	11.82%	13.32%
Highlands	92,152	99,577	8.06%	10.48%	8.54%
Hillsborough	1,096,883	1,183,053	7.86%	13.37%	9.21%
Manatee	290,283	313,817	8.11%	9.05%	5.32%
Polk	519,897	556,510	7.04%	12.12%	10.98%
Total District	2,027,114	2,183,096	7.69%	11.82%	8.83%
Pasco County	380,091	406,148	6.45%	10.35%	4.58%

Source: AHCA Population Estimates, March 2004 Publication.

As shown in the table above, AHCA’s projected growth rate for the next five years for District 6 is 8.83 percent. The estimated growth for the elderly population (age 65 and older) is 10.35 percent.

The applicant states that this project will not impact existing providers in District 6. According to the applicant, administration from Tampa General Hospital has informed UNC that it does not oppose this project. However, there was no letter of support provided in the application from Tampa General Hospital to support these statements.

c. Special Circumstances for Approval of Expanded Capacity at Hospitals with Licensed Comprehensive Medical Rehabilitation Inpatient Services. Rule 59C-1.0044 (4)(e), Florida Administrative Code

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

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

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

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

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

where:

a. ADD equals the net number of additional comprehensive medical rehabilitation inpatient beds, which may be approved under the provisions of subparagraph 1.

b. HPD equals the hospital's number of comprehensive medical rehabilitation inpatient days that were included within PD for the district.

c. PPD equals the total of comprehensive medical rehabilitation inpatient days projected for the district at the planning horizon, defined as (PD/P) X PP.

d. .85 equals the desired annual comprehensive medical rehabilitation inpatient bed occupancy rate for the hospital at the planning horizon.

e. HLB equals the hospital's number of licensed comprehensive medical rehabilitation inpatient beds included within LB.

f. HAB equals the hospital's number of approved comprehensive medical rehabilitation inpatient beds included within AB.

University Community Hospital CMR occupancy by quarters is presented in the chart below:

UCH Occupancy by Quarter July 2002 through June 2003	
<i>Quarter</i>	<i>% Occupancy</i>
1 st	90.16%
2 nd	86.52%
3rd	90.72%
4th	90.22%

Source: Florida Hospital Bed and Service Utilization by District, January 2004 Batching Cycle

As shown above, the applicant exceeded the 90 percent standard specified in Rule in two consecutive quarters during the time period specified in Rule.

The applicant meets the occupancy standard to add beds under this special circumstance provision in Rule. However, the applicant does not meet the second part of the criteria; it is not a disproportionate share provider and it does not provide a specialty inpatient rehabilitation service that is not available elsewhere in the district, and the applicant's high occupancy occurred in the specialty rehabilitation service beds.

d. Other Special Circumstances

The applicant proposed several needs assessments for its request to add 10 beds to its 20-bed CMR facility. The applicant's analysis relied upon hospital service area projections and do not consider the tertiary nature of this type of specialty bed. Need for additional beds was not demonstrated.

2. Local Health Plan Preferences

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

The District 6 July 2003 CON Allocation Factors Report provides the following preferences for both competing and non-competitive applications pertaining to comprehensive medical rehabilitation beds:

a. Certificate of Need applications that review the services provided by the existing inventory of certified inpatient rehabilitative services, comprehensive outpatient rehabilitation facilities and long-term skilled nursing facilities (SNFs) and describe why the identified need is not being met.

The applicant reiterates that it is experiencing high occupancy as discussed above. As stated earlier, the applicant contends that Tampa General Hospital does not oppose this project, and that the project will not negatively impact existing providers, but did not supply documentation supporting this contention.

The applicant maintains that outpatient services are not an alternative to the patients it serves as its average length of stay is 17 days. The applicant also states that nursing home placement is not a viable option as it treats medical conditions which can not be properly or sufficiently treated in nursing homes. However, as discussed above, the applicant does consider SNU services an alternative and as both are skilled nursing, it is not clear that SNF services are not alternative to this care. Preference is not given.

b. Certificate of Need applications that propose to convert licensed unused beds.

The applicant proposes to add 10 CMR beds through new beds; it does not propose to convert licensed underutilized beds. Acute care occupancy at University Community Hospital averaged 72.74 percent for the period July 2002 though June 2003. Preference is not given.

c. Certificate of Need applications that document in the CON proposal the existence of written agreements with a broad range of area hospitals, nursing homes, home health agencies, rehabilitation specialists, and/or other appropriate service providers that promote the continuity of care.

The applicant states that it chose not to burden its application with all agreements, protocols and other documents related to patient transfer, but maintains that, as a tertiary hospital, it maintains many written and transfer agreements with health care providers in the area for a variety of health care services, including CMR services. Preference is not given.

d. Certificate of Need applications that include a commitment to serve hard-to-place patients, including persons with unique medical conditions and/or persons with inadequate or non-existent third-party coverage.

The applicant states that that it has provided CMR services to patients who are hard-to-place with inadequate or non-existent third-party coverage, including Medicaid and indigent persons, and is committed to continue this if this project is approved. The applicant agrees to condition the proposed project with “serving all projects in need of CMR services, including Medicaid and indigent persons.” However, this unquantified condition does not demonstrate a commitment to this population. Preference is not given.

3. **Agency Rule Criteria**

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

General Provisions:

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

The applicant's current CMR unit is in a general hospital. The proposed 10-bed addition will also be included in a general hospital.

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

The applicant's current 20-bed CMR unit is a separately organized unit. The proposed 10-bed addition will be made part of this separately organized unit.

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

The applicant currently has a 20-bed CMR unit. The proposed project will increase the existing unit to 30 CMR beds.

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

See discussion in E.1. above and E.4.a., below.

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

facility shall participate in the Medicare and Medicaid programs. Applicants proposing to establish a new comprehensive medical rehabilitation inpatient service shall state in their application that they will participate in the Medicare and Medicaid programs.

The applicant states that it participates in the in Medicare and Medicaid programs for UCH and its CMR units. According to the applicant, the majority of its patients are Medicare patients.

- (f) Comparative Review. A certificate of need application submitted for review under this rule will be subject to a comparative review with all other certificate of need applications subject to review under this rule that propose to serve the same district and which were submitted during the same review cycle.**

University Community Hospital, Inc. (CON #9758) is the only applicant in this batching cycle in District 6 seeking additional CMR beds therefore this criterion is not applicable.

- (g) Excluded Hospital. Hospitals operated by the State of Florida or the federal government are not regulated under this rule.**

The applicant is not a hospital operated by the State of Florida or the federal government.

(4) Required Staffing and Services.

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

The applicant states that the medical director for its CMR unit is Dr. James Patterson who is a board-certified psychiatrist. The applicant included his resume as supporting documentation in their application.

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

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

The applicant states that it provides all of the services listed above in its existing CMR unit and will continue to provide them after this application is approved.

(5) Criteria for Determination of Need:

(a) Applications from general hospitals for new or expanded comprehensive medical rehabilitation inpatient beds shall not normally be approved unless the applicant converts a number of acute care beds, as defined in Rule 59C-1.038, Florida Administrative Code, excluding specialty beds, which is equal to the number of comprehensive medical rehabilitation inpatient beds, unless the applicant can reasonably project an annual occupancy rate of 75 percent for the applicable planning horizon, based on historical utilization patterns, for all acute care beds, excluding specialty beds. If conversion of the number of acute care beds which equals the number of proposed comprehensive medical rehabilitation inpatient beds would result in an annual 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 annual 75 percent acute care occupancy for the applicable planning horizon, excluding specialty beds.

The applicant did not respond to this rule criterion. It states that it proposes to add 10 CMR beds through new beds, not to “convert” licensed underutilized beds. Its utilization rate for the 12-month period ending June 2003 was 72.74 percent. However, using the current patient days and reducing the number of acute beds by 10, occupancy would have been 74.73 percent. With the expected population increases in 2009 for those age 65 and older for District 6, it appears likely that this criterion will be met.

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

The applicant states that it is a not-for-profit hospital, whose mission it is to serve the health care needs of its entire community. The applicant is not a disproportionate share provider

- (c) **An applicant proposing to serve Medicaid-eligible persons.**

The applicant states that it serves Medicaid patients throughout its hospital, including its CMR unit and will continue to do so if this project is approved. However, as noted earlier, while it has agreed to condition award of the CON upon serving this population, it has not quantified the amount and therefore, not made a real commitment.

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

The applicant is not proposing the development of a designated trauma center, however it treats and cares for trauma patients in its existing CMR unit and will continue to do so if this application is approved.

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

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

- (7) **Quality of Care:**

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

The applicant states that it currently operates a 20-bed CMR unit that complies with all licensure and other standards and will continue to comply if the proposed 10 beds are approved. Refer to E. 4. b below.

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

(a) Age groups to be served.

The applicant cares for patients who are 19 years of age or older and will continue to do so if the requested 10 beds are approved.

(b) Specialty inpatient rehabilitation services to be provided.

The applicant provides services to patients suffering from the following: stroke, spinal cord injury, congenital deformities, amputation, major multiple trauma, orthopedic conditions or surgeries, brain injury, arthritis, neurological disorders, major burns severe disabling conditions. The applicant also provided a summary of its programs and services in the supporting documentation of the application.

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

As an existing CMR unit, the applicant already has a medical director, unit director, and full team of staff. Although Schedule 6A indicates that the information is for the year ending 2003, it appears that the project will require 16.9 FTEs for year one bringing the total of FTEs for the CMR unit to 32.55 for both year one and two of the project. The applicant provided a copy of its unit director's and medical director's resume as well as examples of competency and experience requirements by position classification.

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

As has been its practice, the applicant will recruit locally and regionally via trade shows, advertisement, word of mouth, and through other means (that were not specified by the applicant).

(e) Expected sources of patient referrals.

The applicant expects the sources of referrals that it currently receives for its existing 20-bed unit. These include: UCH, UCH at Carrollwood, Brandon Hospital, St. Joseph's Town and Country, nursing homes, home health agencies and physicians.

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

Based on projected patient days the applicant anticipates a patient mix with 70 percent Medicare, five percent Medicaid, 24 percent insurance/managed care, and one percent self-pay/indigent.

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

The applicant's policy is to accept all patients without regard to ability to pay in its hospital, including its CMR unit.

(9) Applications from Licensed Providers of Comprehensive Medical Rehabilitation Inpatient Services. A facility providing licensed comprehensive medical rehabilitation inpatient services seeking certificate of need approval for additional comprehensive medical rehabilitation inpatient beds shall provide the following information in its certificate of need application in addition to the information required by subsection (8):

(a) Number of comprehensive medical rehabilitation inpatient services admissions and patient days for the 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool.

According to the applicant, it had 376 admissions to its CMR unit generating 6,607 patient days for the 12-month period ending June 30, 2003. However, according to data published by the Agency in the January 2003 Florida Hospital Bed and Service Utilization by District, the applicant had 6,526 patient days for the 12-month period ending June 30, 2003.

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

According to the applicant, it had 4,583 Medicare days, 1,646 insurance/managed care days, 324 Medicaid days and 54 self-pay days for the 12-month period ending June 30, 2003.

The following table represents a comparison of Medicaid and charity care at four acute care hospitals in District 6 that have CMR units. The percentage of Medicaid and charity care shown in the table represents total hospital services and not just CMR services.

Acute Care Hospitals' Medicaid and Charity Care Comparison in FY 2002		
Hospital	Medicaid	Charity
Blake Medical Center	1.5%	.5%
Tampa General Hospital	20.3%	8.5%
University Community Hospital	5.2%	1.7%
Winter Haven Hospital	5.6%	.4%
Average for all 19 acute care hospitals in District 6	10.5%	3.2%

Source: AHCA Financial Data records for CY 2002.

As shown in the table above, Tampa General Hospital had the highest percentage of Medicaid and charity care days at 20.3 and 8.5 percent respectively and Winter Haven Hospital attaining the lowest at 5.6 and .4 percent for Medicaid and charity care respectively for CY 2002.

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

According to the applicant, its payor mix gross revenues for the 12-month period ending June 30, 2003 was as follows: Medicare-\$1,816/day, insurance/managed care-\$1,600/day, Medicaid-\$1,892/day and self-pay/indigent/other-\$3,442/day.

(d) Current Staffing

The applicant states that that there are a total of 32.55 FTEs, and lists the break down by position classification on Schedule 6A of the application. .

- (e) **Current specialty inpatient rehabilitation services, if any (e.g. spinal cord injury; brain injury).**

See subsection E.3.(8)(b) of this report for discussion.

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

The applicant states that it currently provides utilization reports as required and will continue to do so if the 10-bed request is approved.

4. Statutory Review Criteria

- a. **Is need for the project evidenced by the availability, quality of care, efficiency, accessibility and extent of utilization of existing health care facilities and health services in the applicant's service area? ss. 408.035(2), 408.035(7), Florida Statutes.**

See also section E.1.a. of this report.

The applicant reiterates that for the 12-month period ending June 30 2003, it had a 90.72 percent and 90.22 percent occupancy rate during the first two quarter of 2003 respectively. In addition, for the last six months of CY 2003, it had an occupancy rate of about 94 percent. Although the entire district has rising CMR occupancy rates, the applicant has the highest occupancy rate of the CMR providers in District 6.

It also reiterates that, although not a disproportionate share hospital, it has always served Medicaid and indigent patients, and will continue to do so if the requested 10-bed addition is approved. However, the applicant did not agree to quantify its commitment to the medically indigent population.

The applicant contends that nearly 80 percent of its CMR patients are elderly.

The applicant closed its SNU unit "several months" ago as have UCH at Carrollwood and St. Joseph's Hospitals. The applicant contends that this has lead to increased demand for its CMR services as some patients who have historically been seen in the SNU now require CMR services.

According to the applicant, approval of this project will not impact other CMR providers. It states that Tampa General Hospital (the only other

CMR provider in Hillsborough County) has expressly informed UCH that it does not oppose approval of this project. However, the applicant did not provide any documentation to support this.

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

The applicant states that it has a history of providing quality care as evidenced by its being licensed by the Agency, accredited by JCAHO and certified by a variety of other professional organizations and its being a full participant in the Medicaid and Medicare programs. It is a tertiary hospital and provides tertiary services that include open heart surgery, Level II NICU and CMR services.

According to AHCA data, UCH had 18 confirmed complaints during the past three years. Six of the complaints had to do with billing issues; three of the complaints were related to EMTALA (Emergency Medical Treatment and Active Labor Act)/ER access, two of the complaints each were related to medicine problems/errors/formulary and untrained/unqualified staff. The remaining categories had one complaint each as follows: pressure sores, medical services, plan of care, dietary, lack of assessment. (UCH at Carrollwood had seven confirmed complaints over the past three years.

The applicant described components of its quality assurance and safety program and strategic plan. The applicant maintains that it will have no difficulty in replicating and providing the same care in the additional beds.

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

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

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

The applicant stated it is not a statutory teaching hospital nor is the proposed project's primary purpose research or physician education.

The applicant provides continuing education for its nurses, meeting requirements of the Florida Board of Nursing. In addition other educational programs are offered in a variety of disciplines. Its medical staff participate in the clinical trials and other research projects. Through its institutional review board (IRB), the applicant is seeking new ways to prevent and treat conditions and diseases (and provided a list of IRB protocols in its application.)

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

The applicant states that it has successful recruitment and retention strategies. It supplied a graph, which indicates that, according to FHA Nursing Staffing Supply surveys for 1989-2002, it had a two percent turnover rate for registered nurses, which is lower than the 16 percent rate for the State of Florida.

The applicant summarized its nursing recruitment activities that include involvement with advisory boards, providing market incentives like loan forgiveness, scholarships. A summary of its retention activities were provided that included employee recognition and obtaining feedback from staff regarding levels of job satisfaction.

The audited financial statements for the periods ending December 31, 2003 and 2002 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:

University Community Hospital		
	09/30/2003	09/30/2002
Current Assets	\$ 130,752,895	\$ 94,492,975
Cash and Current Investment	\$ 17,962,583	\$ 17,996,158
Assets Restricted for Capital Projects	\$ 54,711,998	\$ 46,552,032
Total Assets	\$ 384,993,314	\$ 341,044,375
Current Liabilities	\$ 81,458,238	\$ 55,343,873
Total Liabilities	\$ 242,297,963	\$ 217,557,005
Net Assets	\$ 142,695,351	\$ 123,487,370
Total Revenues	\$ 328,976,001	\$ 287,312,689
Interest Expense	\$ 8,398,768	\$ 8,441,121
Excess of Revenues over Expenses	\$ 13,372,552	\$ (3,523,071)
Cash Flow from Operations	\$ 23,665,191	\$ 11,646,292
Working Capital	\$ 49,294,657	\$ 39,149,102
Current Ratio (CA/CL)	1.6	1.7
Cash Flow to Current Liabilities (CFO/CL)	0.3	0.2
Long-Term Debt to Net Assets (TL-CL/NA)	1.1	1.3
Times Interest Earned (NPO+Int/Int)	2.6	0.6
Net Assets to Total Assets (TE/TA)	37.1%	36.2%
Total Margin (ER/TR)	4.1%	-1.2%
Return on Assets (ER/TA)	3.5%	-1.0%
Operating Cash Flow to Assets (CFO/TA)	6.1%	3.4%

Short-term position:

The applicant's current ratio of 1.6 and cash flow to current liabilities ratio of 0.2 are both below average and indicate a moderately weak short-term position. The working capital (current assets less current liabilities) of \$49.3 million indicates that current assets are sufficient to cover current liabilities and to provide some excess liquidity that could be used to fund projects. Overall, the applicant has a weak but acceptable short-term position.

Long-term position:

The ratio of long-term debt to net assets is 1.1 indicates long-term debt is greater than equity. This is well above average and a weak position. The ratio of cash flow to assets of 6.1 percent is below average and a moderately weak position. The most recent year had \$13.4 million revenues in excess of expenses, which resulted in a total margin of 4.1 percent. Overall, the applicant has a weak but acceptable long-term position.

Capital requirements:

Schedule 2 indicates the applicant has \$43.3 million in capital projects and maturities of long-term debt due through 2005.

Available capital:

Schedule 2 indicates funding for these projects will come from operations and debt financing. Cash flows for the most recent year were \$23.7 million. There are \$54.7 million in board-designated funds for use in capital projects and acquisitions.

Conclusion:

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

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

A comparison of the applicant's estimates to the control group values provides for an objective evaluation of financial feasibility, (the likelihood that the services can be provided under the parameters and conditions contained in Schedules 7 and 8), and efficiency, (the degree of economies achievable through the skill and management of the applicant). In general, projections that approximate the median are the most desirable, and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible, because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the lowest in the group, it is less likely that the project is feasible, because a much higher level of economies must be realized to achieve the desired outcome. These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go beyond the relevant range of outcomes, revenues and expenses may, either go beyond what the market will tolerate, or may decrease to levels where activities are no longer sustainable.

Comparative data were derived from hospitals in peer groups that reported data in 2002; the applicant will be compared to the hospitals in peer group 7. Per Diem rates are projected to increase by an average of 3.7 percent per year. Inflation adjustments were based on the new CMS Market Basket, 4th Quarter, 2003.

Net revenue per adjusted patient day (NRAPD) of \$1,495 in year one and in year two are between the control group lowest and median values of \$1,329 and \$1,733 in year one and \$1,373 and \$1,791 in year two. The lowest value is generally viewed as the practical lower limit on economies of operation. With net revenues per adjusted patient day falling between the lowest and median the facility is expected to consume health care resources in proportion to the services provided. (See Comparative Table). The applicant's actual NRAPD reported for 2003 was \$1,458. The increase projected over 2003 actual NRAPD represents an increase at an average annual rate of 0.6 percent, a conservative estimate.

Projected cost per adjusted patient day (CAPD) of \$1,478 in year one and \$1,484 in year two is between the control group lowest and median values of \$1,329 and \$1,733 in year one and \$1,373 and \$1,791 in year two. Compared to the control group these costs are efficient. (See Comparative Table). The applicant's actual CAPD reported for 2003 was \$1,420. The increase projected over 2003 actual CAPD represents an increase at an average annual rate of 1.1 percent, a conservative estimate.

Based on audited financial data for 2003 revenues increased 12.6 percent over 2002, while costs increased only 7.75 percent; this is a significant improvement.

The applicant estimates that 69.4 percent of patient days for the 10 comprehensive medical rehabilitation beds will be Medicare. They did not provide data on the average length of stay for these beds; therefore we were unable to test projected net revenue per discharge.

The year two operating profit for the hospital of \$1.9 million computes to an operating margin per adjusted patient day of \$11, which falls between the peer group lowest and median values of -\$42 and \$100 respectively. The operating margin of 0.7 percent indicates that net revenues are proportional to costs.

This project appears to be financially feasible.

COMPARATIVE TABLE

CON # 9758 University Community Hospital, Inc. 2002 DATA Peer Group 7	2007	YEAR 2	VALUES ADJUSTED		
	YEAR 2	ACTIVITY	FOR INFLATION		
	ACTIVITY	PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	642,856,909	3,580	1,066	691	332
INPATIENT AMBULATORY	0	0	160	76	20
INPATIENT ANCILLARY SERVICES	0	0	5,099	3,131	1,889
OUTPATIENT SERVICES	286,412,655	1,595	2,571	1,675	1,060
OTHER OPERATING REVENUE	0	0	254	11	5
TOTAL REVENUE	929,269,564	5,175	8,074	5,741	3,732
DEDUCTIONS FROM REVENUE	660,842,996	3,680	*	*	*
NET REVENUES	268,426,568	1,495	2,089	1,791	1,373
EXPENSES					
ROUTINE	21,587,194	120	389	260	191
ANCILLARY	130,610,955	727	683	599	502
AMBULATORY	0				
OVERHEAD	114,283,071	636	865	727	522
OTHER	0	0			
TOTAL EXPENSES	266,481,220	1,484	2,089	1,791	1,373
OPERATING INCOME	1,945,348	11	347	100	-42
		0.7%			
PATIENT DAYS	124,227		VALUES NOT ADJUSTED		
ADJUSTED PATIENT DAYS	179,574		FOR INFLATION		
TOTAL BED DAYS AVAILABLE	157,315				
ADJ. FACTOR	0.6918				
TOTAL NUMBER OF BEDS	431				
PERCENT OCCUPANCY	79.0%		85.8%	57.6%	34.5%
PAYER TYPE	PATIENT DAYS	% TOTAL			
MEDICARE	53,120	42.8%	77.9%	56.6%	26.2%
COMMERCIAL	1,249	1.0%			
MEDICAID	8,675	7.0%	24.3%	7.0%	1.3%
PRIVATE	3,700	3.0%			
HMO/PPO	54,463	43.8%	51.0%	23.3%	5.5%
OTHER	3,020	2.4%			
TOTAL	124,227	100.0%			

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

The applicant projects managed care to represent 43.8 percent of its patient days. This is between the group median and highest values of 23.3 and 51.0 percent. The applicant reported managed care at 45.3 percent for 2002. The projected level, if realized, is likely to have a positive impact on competition to promote quality assurance and cost-effectiveness.

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

The applicant proposes to add 10 CMR beds on the sixth floor of University Community Hospital. There will be one semi-private room and the remainder will be private. The sixth floor is divided into two separate wings that connect near a bank of two elevators. From the names of some of the ancillary spaces, it appears that the existing 20 CMR rooms might also be on this level, but that needs to be verified since some of these spaces can serve both the existing and the new CMR beds.

It was not readily apparent in the application exactly what the entire scope of this project is relating to demolition. The implication from the plans is that there is not much demolition proposed to add these beds.

However, The Florida Building Code, Chapter 11, Section 11-6 (2) relating to rehabilitation facilities, says that all “patient bedrooms and toilets.... are required to be designed and constructed to be accessible.” None of the toilet rooms for the proposed CMR patient rooms with the exception of bedroom 10 meet this requirement. Renovating the existing toilet rooms to be accessible would increase the budget beyond what is projected, but there may be enough available space for this deficiency to be corrected.

Additionally, the guidelines, Section 7.2.A4, require that a hand-washing station be located within the toilet room. Only the toilet room for bed 10 has a lavatory.

Also, in new construction, an additional hand-washing station must be provided within the patient room. In certain cases, if renovation is being done to an existing patient room, the AHCA Office of Plans and Construction might waive some of the code requirements upon review of the situation. The patient rooms in question appear to exist as such, but the narrative does not appear specific as to the current use of these spaces. This is a critical situation and will have to be resolved before the project could proceed.

As submitted, the plans do not meet the code requirements above and could not be approved. If the deficiencies can be remedied, the scope and cost of the proposed project will naturally increase. If the spaces are currently licensed patient rooms, then information as to the disposition of the existing beds will be required.

The application had a list of applicable building codes, and it is mostly correct and the schedule appears reasonable for the scope of the work as shown.

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

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

Refer to the comparison chart provided in the discussion of Local Health Council preferences above.

According to the applicant, it provided six percent of its total patient days to Medicaid or indigent patients for CY 2003. Schedule 7 indicates that the applicant intends to provide 2.57 percent of patient days to Medicaid during the first two years of operation of this project (ending September 30, 2007).

F. SUMMARY

The applicant, **University Community Hospital, Inc. (CON #9758)** (d/b/a University Community Hospital (UCH)) is a not-for-profit corporation and full-service tertiary hospital located in the north Tampa Area of Hillsborough County. It has 431 beds comprised as follows: 401 acute care beds, 20 CMR beds, and 10 Level II Neonatal Intensive Care Unit (NICU) beds. It also has CON (#9492) approval to add five Level III NICU beds. UCH currently operates a 20-bed CMR unit and proposes to add 10 more beds.

The total project cost is estimated at \$928,650.00. Construction costs are projected at \$673,200.00 and the project will involve 5,640 gross square feet (GSF) of new construction.

Need:

The agency published no need for CMR beds in District 6. The applicant does not apply under the fixed need pool, but applies under other “not normal” circumstances. The comprehensive medical rehabilitation beds in District 6 experienced an occupancy rate of 76.55 percent. However, the applicant experienced a 90.72 and 90.22 percent occupancy rate for the last two quarters within the time frame specified in rule for hospital-specific special circumstances. However, the applicant did not meet all rule special circumstance requirements and failed to demonstrate other not-normal or special circumstances.

Quality of Care:

The applicant states that it currently operates a 20-bed CMT unit that complies with all licensure and other standards and will continue to comply if the proposed 10 beds are approved.

The applicant states that it has a history of providing quality care as evidenced by its being licensed by the Agency, accredited by JCAHO and certified by a variety of other professional organizations and its being a full participant in the Medicaid and Medicare programs. It is a Class I General Acute Care Hospital that provides tertiary services including open heart surgery, Level II NICU and CMR services.

Medicaid/Indigent Care:

The applicant conditions this application as “will serve all projects in need of CMR services, including Medicaid and indigent persons.” Schedule 7 indicates that the applicant intends to provide 2.57 percent of patient days to Medicaid during the first two years of operation of this project (ending September 30, 2007). However, other indigent or charity care is not specified and therefore this general commitment is not quantified. This is below the District 6 average as reported for CY 2002 as 14.2 percent.

Financial Feasibility:

The applicant projects managed care to represent 43.8 percent of its patient days. This is between the group median and highest values of 23.3 and 51.0 percent. The applicant reported managed care at 45.3 percent for 2002. The projected level, if realized, is likely to have a positive impact on competition to promote quality assurance and cost-effectiveness.

Schedule 2 indicates the applicant has \$43.3 million in capital projects and maturities of long-term debt due through 2005. In addition, Schedule 2 indicates funding for these projects will come from operations and debt financing. Cash flows for the most recent year were \$23.7 million. There are \$54.7 million in board-designated funds for use in capital projects and acquisitions.

Overall, the applicant has a weak but acceptable short-term and long-term position, however, funding for this project and all capital projects should be available as needed.

Architectural:

As submitted, the plans do not meet the code requirements above and could not be approved because of accessibility to toilet rooms and hand-washing stations. If the deficiencies can be remedied, the scope and cost of the proposed project will naturally increase. If the spaces are currently licensed patient rooms, then information as to the disposition of the existing beds will be required.

The applicant had a list of applicable building codes, and it is mostly correct and the schedule appears reasonable for the scope of work as shown.

G. RECOMMENDATION

Deny CON #9758.

AUTHORIZATION FOR AGENCY ACTION

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

DATE: _____

Karen Rivera
Health Services and Facilities Consultant Supervisor
Certificate of Need

Jeffrey N. Gregg
Chief, Bureau of Health Facility Regulation