

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Southwest Florida Regional Medical Center, Inc./CON #9766
2727 Winkler Avenue
Fort Myers, Florida 33901

Authorized Representative: Mark Weber, Chief Executive Officer
(239) 939-8370

2. Service District/Subdistrict

District 8/Subdistrict 5 (Lee County)

B. PUBLIC HEARING

No public hearing was requested on the proposed project. However, the applicant included 15 letters of support for its project to construct a 349-bed replacement hospital to be located within five miles from its existing facility, Southwest Florida Regional Medical Center. The application included letters of support from the following: Douglas Savge, M.D., Southwest Florida Neurosurgical Associates; Eliot B. Hoffman, M.D., President of Southwest Florida Heart Group; Larry Hobbs, M.D., FACEP, Medical Director of Southwest Florida Regional Medical Center's emergency department; Eileen Finwick, an area resident; Samira K. Beckwith, President and CEO of Hope Hospice; Clifford W. Smith, President of United Way of Lee County; Sheila A. Sarver, R.N., M.Ed., Director of Nursing at Lee County High Tech Center Central; Janet W. Eustis, President and CEO of Ruth Cooper Center; Marjorie M. Gruber, President of Foundation for Academic Educators, Inc.; Herbert J. Brenner, a resident and member of the Community Advisory Board;

Regina Smith, Executive Director of the Economic Development Office of Lee County and the Horizon Council; Charles K. Idelson, President and CEO of Investors' Security Trust Company; Ronald E. Pentiuik, Director, Lee County High Tech Center Central; Gary V. Trippe, CIC, CEO of Oswald, Trippe and Company, Inc.; and Lee R. Duffus, Ph.D.

Many of the letters expressed that the current facility is aged, outdated, and is in need of substantial upgrading. The letters presented a list of problems the existing hospital presently have, which can be alleviated by the proposed project. These include capacity constraints, the ER often being overcrowded, the need for more private patient rooms and new/expanded services, and inadequate parking facilities. Several letters cited population growth as being a supporting factor for this project and stated that the current accommodations are not adequate to meet the population growth in Lee County. The letters expressed that this project would improve the quality and accessibility of health care in Lee County, provide a more efficient facility, and would provide patients and physicians with a better environment for health care in the community.

C. PROJECT SUMMARY

Southwest Florida Regional Medical Center, Inc. (CON #9766)

operates a 400-bed acute care facility and is proposing to construct a replacement facility on the campus of Gulf Coast Hospital (GCH), located 4.7 miles from Southwest Florida Regional Medical Center (SWFRMC). Both facilities are part of HCA, Inc.'s chain of for-profit hospitals. GCH, a 120-bed facility consisting of 110 acute and 10 skilled nursing unit beds, is situated on a 65-acre campus. With approval of this project, GCH will delicense all of its beds, effectively closing, and SWFRMC will relocate and delicense 51 of its acute care beds. Once the project has been completed, the new SWFRMC will consist of 349 acute care beds. This project will result in a net reduction of beds in District 8, Subdistrict 5, Lee County, with the delicensure of 161 acute and 10 skilled nursing beds between the two hospitals.

The applicant's *Predicated on Conditions* page does not propose any Medicaid or charity care conditions for this project. Both Southwest Florida Regional Medical Center and Gulf Coast Hospital have existing conditions on their beds. Southwest Florida Regional Medical Center, Inc. is conditioned to provide six percent of the facility's total annual patient days to Medicaid/Medicaid HMO and charity care patients on a

combined basis. Gulf Coast Hospital is conditioned to provide eight percent of its total patient days to Medicaid and charity care patients on a combined basis. The blended Medicaid/Medicaid HMO/charity condition for the 349 beds replacement facility is 6.43 percent.

The proposed project consists of new construction of 435,934 GSF and 19,411 GSF of renovation. The project involves a total construction cost of \$91,546,140 and a total project cost of \$199,349,288.

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, Ryan Fitch, who evaluated the financial data, and the Architect, Joel Hill, who evaluated the architectural and the schematic drawings as part of the application.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Or does the project proposed seek beds or services in excess of the fixed need pool? Ch. 59C-1.008(2), Florida Administrative Code.

On January 23, 2004, AHCA published a fixed need pool (FNP) in Volume 30, Number 4, Florida Administrative Weekly (F.A.W.) of zero (0) for additional hospital acute care beds in District 8, Subdistrict 5.

As of January 23, 2004, District 8, Subdistrict 5 had a total of 1,444 licensed and zero approved acute care beds. It should be note that Lee Memorial HealthPark was granted *Certificate of Need* approval (CON #9501) to add 122 acute care beds to its existing facility through the transfer of 81 beds from Lee Memorial Hospital – Cleveland and 41 beds from Cape Coral Hospital. However, this did not add any additional acute care beds to the subdistrict.

During the most recent 12-month reporting period ending June 30, 2003, the subdistrict's licensed acute care beds experienced an occupancy rate of 41.93 percent, which was below District 8's average occupancy level of 46.58 percent. The 400 acute care beds at SWFRMC reported an average occupancy of 34.93 percent during the same timeframe, while Gulf Coast Hospital's 110 acute care beds reported an average occupancy of 24.50 percent. The proposed project will decrease acute care beds in the subdistrict by 161 beds.

The proposed project is not submitted in response to the fixed need pool, as the applicant is not seeking to add beds to its respective hospital or the subdistrict. However, the proposed project is subject to review in accordance with Chapter 59C-1.004(1)(b), which requires review of the new construction or establishment of additional health care facilities, including a replacement health care facility when the proposed project site is not located on the same site as the existing health care facility.

b. Special Circumstances:

The applicant contends that the age of the existing facility along with zoning and other developmental restrictions have resulted in a physical plant that is inadequate to meet present day operational-space demands. SWFRMC's physical plant was built in 1974 and encompasses code compliance, utility infrastructure, and operational efficiency issues associated with a 30-year-old building. According to the applicant, the current campus does not allow for the expansion of existing or new services and previous renovations and additions to SWFMC have created design inefficiencies. Related services are not located proximally, units are isolated, and the overall design appears sprawling and maze-like rather than a logical flow of units and services. For example, previous expansions produced two main entrances to the hospital and several secondary entrances, causing frustration and confusion for patients and visitors. Outpatient areas such as dialysis, endoscopy, and catheterization labs are located on upper floors in the middle of inpatient areas. One expansion created two distinct operating areas, with one on the first floor of the main hospital building and the other located on the second floor tower that serves cardiac patients, thereby creating inefficient staffing and necessitating duplication of equipment. In addition, the applicant indicates that neither surgical area is designed to accommodate outpatients, as they lack sufficient space for staging patients in the pre-operation and recovery states.

The facility's deficiencies encompass outdated systems, inadequate space, lack of centralized functions, and design features that no longer meet current hospital operating requirements according to the applicant. Major improvements required for SWFRMC include becoming fully fire protected, replacing the windows in both the north and south towers, and upgrading heating and cooling systems. A document prepared by Perkins & Will, LLC entitled "Southwest Florida Regional Medical Center Deficiency Report", dated August 12, 2003, was included in the application and provides an overview of the architectural, mechanical, electrical, and fire protection systems presently at SWFRMC. The document identified the following deficiencies that can no longer be corrected through facility upgrades while maintaining extensive patient care:

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- Limited future growth on campus due to boundaries on all four sides of the existing campus.
- Limited number of surface parking provided for the public without the ability to expand.
- Minimum and multiple floor-to-floor heights (12 feet or less), which are considered inappropriate for today's technology and inter-hospital patient transportation services.
- Extended distances of foot travel for day-to-day interdepartmental operations.
- Decentralized access to support services.
- Multiple points of entry (security and way-finding issues).
- Outdated exterior envelope to minimum Hospital Rules for Disasters (A.H.C.A. 911 and local codes).
- Limited capability of existing foundations for future vertical expansions.
- Multiple locations of electrical infrastructure, multiple FPL vaults locations.
- Multiple locations of mechanical infrastructure.
- Outdated/inefficient post WWII emergency power generator systems/subsystems.
- Phasing new construction while maintaining operations.
- Insufficient expansion capabilities for diagnostic, surgery, and critical care units.
- Zoning height restrictions.

The applicant contends that the relocation of SWFRMC to GCH's campus will not reduce, impede, or otherwise negatively affect access to hospital services. The proposed site is 4.7 miles south of SWFRMC and is located on 65 acres. The application included a map in Exhibit 1-6, which illustrated that the five-mile radius from SWFRMC overlaps and extends beyond GCH's five-mile radius and center. According to the applicant, this overlap illustrates the potential for SWFRMC to retain much of its

market share of the residents from the north with relocation to the GCH site. In addition, the applicant claims that this overlap suggests that the driving time to the new location should not pose an impediment to access. Gulf Coast Hospital's campus is accessible by the Metro Parkway, Interstate Highway 75, and Six Mile Cypress Parkway, which provide several routes on major thoroughfares. The proposed site is also easily accessible by bus according to the applicant.

The applicant purports that Gulf Coast Hospital is located in an area of Lee County experiencing a continued higher than average growth. Based on AHCA population projections through 2010, Lee County is projected to grow at a rate of approximately two percent per year as shown in the table below.

**Projected Population for Lee County
2001-2010**

	Total Population	% Growth from Prior Year	Population 65+	% Growth (65+) from Prior Year
2001	458,105		115,244	
2002	469,468	2.48%	117,485	1.94%
2003	479,194	2.07%	119,324	1.57%
2004	488,187	1.88%	121,035	1.43%
2005	497,271	1.86%	122,880	1.52%
2006	507,009	1.96%	125,053	1.77%
2007	517,282	2.03%	127,583	2.02%
2008	527,924	2.06%	130,489	2.28%
2009	538,700	2.04%	133,770	2.51%
2010	549,435	1.99%	137,441	2.74%

Source: CON #9766, Page 1-7. Data from AHCA's Population Estimates, June 2003.

Note: Population reflects July estimates.

The table above also demonstrates that the elderly (age 65+) population growth rate is projected to increase above two percent per year from 2007 and beyond. The applicant contends that some zip codes in Lee County are expected to grow beyond the county's two percent annual growth rate, as shown in the following table:

**2003 and 2008 Lee County Population
by Zip Code**

Zip Code	Area	2003	2008	CAGR*
33901	Fort Myers	21,369	21,929	0.0052
33903	North Fort Myers	23,963	25,960	0.0161
33905	Fort Myers	26,954	28,379	0.0104
33907	Fort Myers	22,701	24,798	0.0178
33908	Fort Myers	26,703	30,478	0.0268
33909	Cape Coral	9,607	10,926	0.0261
33912	Fort Myers	37,796	44,610	0.0337
33913	Fort Myers	4,903	6,336	0.0526
33914	Cape Coral	28,606	33,604	0.0327
33916	Fort Myers	21,188	22,952	0.0161
33917	North Fort Myers	30,461	33,374	0.0184
33919	Fort Myers	27,124	29,399	0.0162
33920	Alva	4,374	4,846	0.0207
33921	Boca Grande	1,137	1,315	0.0295
33922	Bookeelia	4,530	5,104	0.0241
33924	Captiva	68	83	0.0407
33928	Estero	10,176	12,481	0.0417
33931	Fort Myers Beach	12,258	13,771	0.0236
33936	Lehigh Acres	17,589	20,076	0.0268
33956	Saint James City	4,375	4,849	0.0208
33957	Sanibel	6,826	7,358	0.0151
33971	Lehigh Acres	10,027	12,202	0.0400
33972	Lehigh Acres	8,707	9,805	0.0240
33990	Cape Coral	25,145	28,956	0.0286
33991	Cape Coral	9,845	11,820	0.0372
33993	Cape Coral	4,852	5,842	0.0378
34134	Bonita Springs	13,557	16,600	0.0413
34135	Bonita Springs	28,809	34,758	0.0383
Missing	Cape Coral	34,458	37,242	0.0157
	Total	478,108	539,253	0.0244

Source: CON #9766, pg. 1-8. Data from Claritas, Ithaca, New York. 2003-2008 Data Set.

*CAGR = Compounded Annual Growth Rate

The table above demonstrates that certain parts of Lee County are growing more quickly than the county as a whole. SWFRMC, currently located in zip code 33901, is estimated to have a compound annual growth rate (CAGR) of 0.5 percent between 2003 and 2008. The zip codes surrounding 33901 (33907, 33916, and 33919) have respective CAGRs of 1.8 percent, 1.6 percent, and 1.6 percent, all below the county's overall CAGR of 2.4 percent. In contrast, Gulf Coast Hospital, located in zip code 33912, is estimated to have a CAGR of 3.4 percent between 2003 and 2008. The zip codes adjacent to 33912 (33908, 33913, and 33928) have respective CAGRs of 2.7 percent, 5.3 percent, and 4.2 percent, all above the county's CAGR of 2.4 percent.

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The applicant contends that relocation of SWFRMC to the GCH site will enhance its potential in the market, as well as create greater incentives for competition with Lee Memorial HealthPark, than GCH is presently able to provide. According to the applicant, Lee Memorial Hospital is the dominant provider in Lee County and has three campuses located in Lee County, one on Cleveland Avenue, one in the Cape Coral area, and the other known as Lee Memorial HealthPark. GCH with 120 licensed beds and no tertiary services is unable to compete directly with Lee Memorial HealthPark according to the applicant. The applicant contends that Lee Memorial HealthPark has been able to almost exclusively benefit from the development and population growth and that has occurred in Lee County.

Lee Memorial HealthPark was granted *Certificate of Need* approval (CON #9501) to add 122 acute care beds to its existing 198 acute care beds through the transfer of 81 beds from Lee Memorial Hospital – Cleveland and 41 beds from Cape Coral Hospital. While this will not add any additional acute care beds to the subdistrict, it will allowed Lee Memorial HealthPark to expand to a 320-bed facility. Lee Memorial, the area's largest tertiary care center and a Medicaid disproportionate share provider for State Fiscal Year 2003-2004, is expanding its HealthPark facility, in part, to ensure continued access to the medically indigent population. This project will likely impact HealthPark's expected continued growth. Although currently SWFRMC is not a provider of tertiary care services, this consolidation of campuses, the proposed newer, larger facility in an area of expected higher growth on acreage capable of supporting further expansion, will better position the applicant to become a tertiary care provider and better able to compete with Lee Memorial.

If the proposed project is granted, it will create a 349-bed facility approximately 5.67 miles <http://www.mapquest.com/> from Lee Memorial HealthPark. The proposed project is not expected to increase access to the medically needy population, as the applicant states that it plans to continue serving the same patient population and has not agreed to condition the CON upon serving a greater percentage of the medically indigent population. Lee Memorial's entire health system provided 3.3 percent charity care in CY 2002, whereas SWFRMC provided 0.3 percent. If this project is approved, the blended Medicaid/Medicaid HMO/charity condition for the 349 beds replacement facility will be 6.43 percent.

The applicant presented the table below to forecast the impact the replacement facility and elimination of GCH will have on admissions and patient days in Lee County. The table also includes the projected occupancy rate for the first two years of operations of the proposed project.

**Southwest Florida Regional Medical Center
Impact Forecast on Lee County
and Projected Occupancy**

		<i>Lee HealthPark Impact</i>						
ADMISSIONS								
	2004	2005	2006	2007	2008	2009	2010	2011
Lee County	15,283	14,358	13,444	14,510	15,332	17,102	17,486	17,880
Immigration	2,403	2,258	2,114	2,618	2,787	2,689	2,750	2,812
Total	17,686	16,615	15,558	17,127	18,119	19,792	20,236	20,691
PATIENT DAYS								
	2004	2005	2006	2007	2008	2009	2010	2011
Lee County	61,870	58,112	54,398	58,776	62,087	69,236	70,766	72,337
Immigration	11,032	10,364	9,704	12,015	12,795	12,345	12,622	12,906
Total	72,902	68,477	64,103	70,791	74,882	81,582	83,388	85,244
SWFRMC REPLACEMENT FACILITY OPENS								
				Year 1	Year 2	Year 3	Year 4	Year 5
Occupancy				55.57%	58.78%	64.04%	65.46%	66.92%
ADC				194	205	224	228	234

Source: CON #9766, page 1-19.

The forecasts shown in the table above, incorporates assumptions that include a reduction in admissions and patient days resulting from the opening of the additional 122 beds at Lee Memorial HealthPark. According to the applicant's projections, this will occur prior and subsequent to the opening of the 349-bed replacement facility. The forecast presented above shows that even with the additional beds at Lee Memorial HealthPark, the replacement facility is expected to be at 56 percent occupancy the first year of operation, which is above the most recently published occupancy rates for SWFRMC and GCH (34.9 percent and 24.5 percent, respectively).

The applicant states that in its consideration of options to address the functionality of space and equipment and the current underutilization of beds at these two facilities, it concluded that construction of a replacement hospital, resulting in a net bed reduction, was the best use of its resources. It is clear from the architectural analysis that there are upgrades that cannot reasonably be made to the existing facility and that the added spaces and renovation to GCH will provide the patients and the medical community with a more state-of-the-art facility and equipment. Refer to the architectural analysis below in Item E.4.h.

In summary: The applicant has shown that the project is a better, more efficient, use of its resources. However, this alone is not a demonstration of need for the project. Replacement hospitals are reviewed under the CON process to ensure services in an area are not duplicated and that existing hospitals currently serving an area are not negatively impacted. Although the anticipated growth of this project is likely to impact Lee Memorial's system, it is expected to be minimal. The applicant currently serves this population, is not moving into a new market or expecting to capture more of the existing market. Additionally, as the applicant notes, Lee Memorial was recently approved to move beds from its main campus to this area and will have those beds available before the applicant's new hospital is established if this project is approved. The applicant is seeking to position itself to capture its portion of the expected market increase within the next five years and enabling itself to better compete with Lee Memorial in this growing market. It proposes to do this by constructing a state of the art facility with room to grow and delicensing expected underutilized beds.

2. Local Health Plan Preferences

Is need for the project proposed supported by the applicable district plan? ss. 408.035(1); 408.037(1), Florida Statutes.

The July 2003 District 8 CON Allocation Factors Report lists the following preferences relevant to acute care beds:

- a. Preference shall be given to applications for the transfer of beds within a subdistrict if the applicant can demonstrate a more cost-efficient method than the renovation and/or expansion of the existing facility.**

The applicant contends that its project does not involve the transfer of beds; rather it is a complete relocation of SWFRMC's 400 beds with a commitment to delicense 51 of those beds and the surrender of GCH's 120 beds and license upon the issuance of the new license to SWFRMC. However, the applicant is moving beds from one of its facilities to the space in which another affiliate hospital is located and therefore this preference can be applied to this project. The applicant states that the elimination of Gulf Coast Hospital as an operating entity will reduce duplication of

services, thereby achieving consolidation of operations, lower costs, and assuring the preservation and promotion of quality in the delivery of health care services. This project will produce cost-efficiency by consolidating operations for HCA into a single facility and making use of an existing structure while expanding it with new construction.

- b. Preference shall be given to applications for the transfer of beds within a subdistrict if the applicant can demonstrate the transfer supports the demographic profile of the subdistrict.**

As stated above in Item E.2.a, this project is for the complete relocation of a hospital, not the transfer of beds. Even though the applicant feels this preference does not apply, they are moving beds from one facility to the site of an affiliate facility and expect to keep their existing market. Hence, this preference does apply. In Section E.1.a above, the applicant demonstrated that it would be locating to a zip code in which the majority of the population growth is occurring and is expecting to continue growing.

- c. Preference shall be given to applications if the applicant can demonstrate the acceptance of all persons in need, especially the medically underserved, including Medicaid and charity patients.**

Refer to Item E.4.1; below for the discussion of the applicant's commitment to Medicaid and charity care patients. The applicant is not Medicaid disproportionate share provider for State Fiscal Year 2003–2004. The area safety net provider is expected to be somewhat impacted if this project is approved.

- d. Preference shall be given to applications that demonstrate a record of compliance with CON conditions relating to service to the medically indigent or underserved, or in the event the applicant has no CON history, the applicant must commit to measurable levels of care to the medically indigent and the underserved in the application.**

Southwest Florida Regional Medical Center, Inc. is conditioned by CON #5710 to provide six percent of its facility's total annual patient days to Medicaid/Medicaid HMO and charity care patients on a combined basis. The applicant has complied with this condition during calendar years 2003 and 2002. However, the

current condition was modified effective CY 2002 from the previous condition of one percent of the facility's total annual patient days being provided to charity care patients (there were no Medicaid/Medicaid HMO conditions on pre-modified CON #5710). Southwest Florida did not meet the one percent charity care condition during calendar years 2001, 2000 and 1999, and was fined \$11,250. The facility met the one percent charity care condition from 1992 through 1998. As discussed earlier, the blended Medicaid/Medicaid HMO/charity combined condition for the replacement facility is 6.43 percent. Schedule 7A shows Medicaid patient days to be eight percent in both years one and two. Charity care is not specifically shown.

- e. Preference shall be given to licensed hospitals that experience a 90 percent or higher occupancy level during the period of January through March on an annual basis.**

SWFRMC's acute care beds experienced 30.97 percent utilization rate from January through March 2003. GCH's acute care beds experienced 23 percent utilization rate for the same period. This project will not result in the addition of beds to the subdistrict, but rather an overall decrease of 161 underutilized acute care beds.

- f. Preference shall be given to applications applying to relocate the facility or transfer beds to another location if the applicant can demonstrate the relocation or transfer will not adversely affect the facility's current indigent, low income, or medically underserved population.**

The applicant is presently conditioned to provide six percent of the facility's total annual patient days to Medicaid/Medicaid HMO and charity care patients on a combined basis. Southwest Florida Regional Medical Center provided 4,515 or 7.3 percent of its 61,535 total CY 2003 patient days to Medicaid/Medicaid HMO and charity care patients on a combined basis. The facility needed to provide 3,692 patient days to reach the six percent condition. Gulf Coast Hospital with 110 acute care beds is conditioned to provide eight percent of its total patient days to Medicaid and charity care patients on a combined basis. This facility provided 4,358 of its 15,474 patient days to Medicaid and charity care patients (28.2 percent) during CY 2003. The facility needed to provide 1,238 patient days to meet the eight percent condition. The applicant states that consolidation of the two facilities into one licensed entity will not change the level of services provided to low-income

individuals. If this project is approved, the blended Medicaid/Medicaid HMO/charity condition for the 349 beds replacement facility will be 6.43 percent.

3. Agency Rule Criteria

Does the project respond to preferences stated in agency rules? Indicate how each applicable criteria for the type of service proposed is met. Ch. 59C-1.038(6) (a) & (b), Florida Administrative Code.

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

The applicant cites its history of provision of care to Medicaid and charity care patients. As discussed above, the applicant has failed to meet its commitment to this population over a number of years. For a discussion on the comparison of the applicant's Medicaid and charity care provision to the district, see Item 4.i. below.

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

There are no competing applications for additional acute care beds in District 8, Subdistrict 5. The applicant is proposing to relocate SWFRMC to the GCH location and will actually decrease the number of acute care beds in the subdistrict by 161.

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.**

As previously discussed, the SWFRMC is proposing to construct a replacement facility on the campus of GCH, located 4.7 miles from its existing site. With approval of this project, two separate hospitals will be merged as one licensed entity. SWFRMC plans to delicense 51 acute care beds while Gulf Coast Hospital intends to delicense its full

compliment of beds (110 acute care and 10 HBSNU) upon licensure of the new SWFRMC. The new SWFRMC will consist of 349 acute care beds.

The acute care beds in District 8, Subdistrict 5 experienced an average annual occupancy for the appropriate reporting period of 41.93 percent. The 400 acute care beds at SWFRMC reported an average occupancy of 34.93 percent for the reported timeframe, while GCH's 110 acute care beds reported 24.50 percent. The proposed project will decrease the subdistrict's bed count by 171 beds. While the applicant did not provide a detailed discussion, it is anticipated that the elimination of the 161 underutilized acute care beds should result in higher occupancy levels across the facilities in the subdistrict.

The applicant's reasons for seeking to construct a replacement facility for SWFRMC are the age of facility's physical plant and the inadequate size of the site does not allow for facility renovations necessary to meet current and future patients' needs. In addition, the population growth within Lee County is moving to the south, which is closer to GCH's location. The applicant states that the relocation will not appreciably alter the services it provides and that services at both SWFRMC and GCH will remain available to patients during the construction period. Based on various documentation provided by the applicant regarding current inadequacies and problems both within and on the property of SWFRMC, it appears reasonable that further development at the current hospital site is not feasible. However, the relocation site preparations required for the additions is going to be extensive and expensive. Refer to the architectural analysis below in Item E.4.h.

The proposed project is expected to enhance the quality of care provided through the provision of more state-of-the-art spaces and equipment. The number of outpatient services should increase.

Please refer to E.4.b, below regarding quality.

With regard to accessibility, the replacement hospital will relocate 4.7 miles from its present site and will be located on or near a major roadways and closer to the areas of population growth. However, it was not demonstrated that the proposed project would increase access to the medically needy population, as the applicant expects to serve the same patient population, has agreed to keep the existing commitment to the medically indigent, and both hospitals have failed to meet that commitment in the past.

The applicant does not expect any significant impact on existing providers in Lee County due to the close proximity of the current site and

the proposed site (4.7 miles) and the fact that the project does not involve additional beds or services.

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

The applicant is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). A copy of the JCAHO accreditation is included in the application as well as its 2004 performance improvement plan. In addition, the applicant states that SWFRMC and GCH jointly participated in a "Six Sigma" project to improve quality and patient safety. The application also contained a copy of SWFRMC's 2003 patient safety plan evaluation.

According to AHCA data, SWFRMC had six confirmed complaints over the past three years; four of these complaints were without deficiencies. Of the six confirmed complaints, two were related to patient care, two concerned nursing services, one physical plant issue, one medication error, and one emergency access violation. The emergency access violation occurred in October of 2003 and indicates that the facility failed to triage a patient before they left the hospital.

The applicant's affiliate facility, Gulf Coast Hospital, had no confirmed complaints during the last three years according to AHCA data.

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

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

The proposed project does not involve special equipment or services, which are not accessible in adjacent districts.

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

The proposed project will not be located in a teaching hospital, nor is the project's primary purpose research or physician education. The applicant did indicate that SWFRMC is committed to ensuring that all employees, including physicians, receive training and education from an operational and clinical perspective. In-service training is offered to all employees and medical education course are offered to physicians and

other clinical staff at the hospital. In addition, SWFRMC's Institutional Review Board (IRB) supports research in the applied setting.

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

The audited financial statements for the periods ending December 31, 2001 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:

SOUTHWEST FLORIDA REGIONAL MEDICAL CENTER, INC.

	<u>12/31/2002</u>	<u>12/31/2001</u>
Current Assets	\$ 23,982,489	\$ 19,299,478
Cash and Current Investment	\$ -	\$ -
Assets Restricted for Capital Projects	\$ -	\$ -
Total Assets	\$ 250,867,677	\$ 232,867,743
Current Liabilities	\$ 15,737,026	\$ 12,936,005
Total Liabilities	\$ 15,994,406	\$ 13,661,534
Net Assets	\$ 234,873,271	\$ 219,206,209
Total Revenues	\$ 153,418,176	\$ 139,785,536
Interest Expense	\$ 31,134	\$ 34,213
Excess of Revenues over Expenses	\$ 15,667,062	\$ 8,827,865
Cash Flow from Operations	\$ 21,088,528	\$ 13,701,501
Working Capital	\$ 8,245,463	\$ 6,363,473
Current Ratio (CA/CL)	1.5	1.5
Cash Flow to Current Liabilities (CFO/CL)	1.3	1.1
Long-Term Debt to Net Assets (TL-CL/NA)	0.0	0.0
Times Interest Earned (NPO+Int/Int)	504.2	259.0
Net Assets to Total Assets (TE/TA)	93.6%	94.1%
Total Margin (ER/TR)	10.2%	6.3%
Return on Assets (ER/TA)	6.2%	3.8%
Operating Cash Flow to Assets (CFO/TA)	8.4%	5.9%

The applicant is an indirect wholly owned subsidiary of HCA, Inc. (parent). The applicant's cash receipts are routinely transferred into a management account of the parent; as a result, no cash balance is shown on the applicant's books for the year ending December 31, 2002. The cash transfers to the parent are netted against inter-company loans and other expenses and are recorded net on the balance sheet. The net inter-company balance for December 31, 2003 was \$83.4 million. The applicant submitted the parent's audited annual report for the period ending December 31, 2003. The annual report showed cash and equivalents of \$161 million, total assets of \$18.7 billion and equity of \$5.7 billion. The parent reported net income of \$833 million on net revenues of \$19.7 billion. Cash flows from operations totaled \$2.8 billion.

Both the audit of the applicant and the parent indicate that a number of various lawsuits against the parent are outstanding. The outcome of these various lawsuits is unknown at this time and cannot be quantified. However, it should be noted that these various lawsuits, either individually or in total, may have a material adverse impact on the parent corporation and potentially the applicant.

Short-term position:

The applicant's current ratio of 1.5 indicates current assets are greater than current liabilities. This ratio is below average and a moderate position. The ratio of cash flow to current liabilities of 1.3 indicates the applicant has sufficient cash flow to cover current obligations. The working capital (current assets less current liabilities) of \$8.2 million is a measure of excess liquidity that could be used to fund capital projects. Overall, the applicant has an adequate short-term position. (Note: the transfer of cash to the parent company reduces the current ratio and working capital amounts).

Long-term position:

The long-term debt to equity ratio of 0.0 percent indicates the applicant does not have any long-term debt outstanding, a good position. The cash flow to assets ratio of 8.4 percent is slightly below average, a moderate position. The most recent year had a gain of \$15.7 million, which resulted in a total margin of 10.2 percent. Overall, the applicant has a good long-term position. (Note: the inter-company balance may contain long-term debt; however, the balance reported in 2002 was a net asset.)

Capital requirements:

Schedule 2 indicates the applicant has \$224 million in capital projects and expenditures. The audit of the applicant does not indicate any other projects or long-term liabilities that would impact funding requirements.

Available capital:

Schedule 2 indicates funding for these projects and expenditures will come from a parent inter-company loan. The applicant provided a commitment letter from the parent company that included the terms of an inter-company loan agreement for the project and a commitment to fund all applicant projects listed in Schedule 2 of the application. In addition to the parent information discussed above, the parent also has access to a \$1.75 billion line of credit.

Staffing:

Given the proposed project is a replacement facility and will consolidate two facilities into one, the expectation is that most of the employees will transfer to the new location. Schedule 6A indicates that 1182.70 total FTEs will be employed at the new hospital by year two of operation. The projected FTEs on Schedule 6 are shown by hospital departments only. In the event recruitment becomes necessary, the hospital maintains an active employee program along with retention initiatives. The applicant provided a good description of its nurse recruiting and retention strategies. The applicant did not provide the existing FTEs for SWFRMC and GCH therefore, it cannot be determined if any FTE positions will be eliminated as a result of this project.

Conclusion:

Based on the information provided, it appears that the applicant will have access to capital as needed to complete this project. Although there are concerns regarding the outstanding lawsuits of the parent company, the outcomes of those lawsuits are unknown and cannot be quantified at this time. Based on the above, funding for all capital projects appears likely.

**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 6. 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.

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

Net revenue per adjusted patient day (NRAPD) of \$2,217 in year one and \$2,295 in year two are between the control group highest and median values of \$2,622 and \$2,100 in year one and \$2,708 and \$2,169 in year two. The highest level is generally viewed as the practical upper limit on economies of operation. (See Comparative Table). The applicant's NRAPD in calendar year 2002 was reported as \$1,810 at the existing facility. The difference in the NRAPD reported in 2002 and the projected NRAPD of \$2,295 results in an average annual increase of approximately 4.1 percent. This level of increase is slightly higher than CMS Market Basket, 4th Quarter, 2003, rate of 3.7 percent.

Projected cost per adjusted patient day (CAPD) of \$2,095 in year one and \$2,148 in year two are between the group highest and median values of \$2,594 and \$1,883 in year one and \$2,680 and \$1,945 in year two. The CAPD approximates the median and balance the opposing forces of efficiency and feasibility. Expenses budgeted for ancillary services appear low when compared to the control group indicating expenses could be understated. If the ancillary expense estimates are accurate,

patient care could be negatively affected. (See Comparative Table). The applicant's CAPD in calendar year 2002 at the existing facility was reported as \$1,569. The difference in the CAPD reported in 2002 and the projected CAPD of \$2,148 results in an average annual increase of approximately 5.7 percent. This level of increase is well in excess of the CMS market basket index. However, the projected CAPD include a \$24 million increase in interest expense associated with financing the new hospital. When this increase is taking into consideration, the historic CAPD is consistent with the projected CAPD.

The year two operating profit for the hospital of \$17.3 million computes to an operating margin per adjusted patient day of \$147 which is slightly below the peer group median of \$140. The projected operating margin is 6.4 percent, which indicates net revenues are proportional to costs. The projected operating margin is less than the applicant's operating margin reported in 2002 of \$18.3 million or 13.3 percent. The reduction in the operating margin is likely to do the increased financing costs discussed above. As discussed above, the control group spends more on ancillary services for patient care than the projected ancillary services of the applicant. Ancillary services expense appears to be understated when compared to the control group. As a result, profits may be overstated.

Based on the above, financial feasibility of this project appears likely.

COMPARATIVE TABLE

SOUTHWEST FLORIDA REGIONAL MEDICAL CENTER, INC.

CON # 9766 2002 DATA Peer Group 6	2009	YEAR 2	VALUES ADJUSTED		
	YEAR 2	ACTIVITY	FOR INFLATION		
	<u>ACTIVITY</u>	<u>PER DAY</u>	<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
ROUTINE SERVICES	688,334,797	5,867	1,019	777	567
INPATIENT AMBULATORY	0	0	102	71	51
INPATIENT SURGERY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES	0	0	6,343	4,169	3,084
OUTPATIENT SERVICES	257,871,132	2,198	2,525	1,824	1,226
TOTAL PATIENT SERVICES REV.	946,205,929	8,065	18,394	11,339	8,084
OTHER OPERATING REVENUE	439,637	4	95	9	1
TOTAL REVENUE	<u>946,645,566</u>	<u>8,069</u>	<u>9,191</u>	<u>6,737</u>	<u>5,389</u>
DEDUCTIONS FROM REVENUE	677,350,838	5,774	0	0	0
NET REVENUES	<u>269,294,728</u>	<u>2,295</u>	<u>2,708</u>	<u>2,169</u>	<u>1,851</u>
EXPENSES					
ROUTINE	38,838,816	331	438	316	254
ANCILLARY	50,105,335	427	1,100	800	655
AMBULATORY	5,027,186	43	0	0	0
TOTAL PATIENT CARE COST	93,971,337	801	0	0	0
ADMIN. AND OVERHEAD	43,075,874	367	1,098	749	592
PROPERTY	57,606,316	491	0	0	0
TOTAL HOSPITAL EXPENSE	100,682,190	858	0	0	0
OTHER OPERATING EXPENSE	57,369,283	489	0	0	0
TOTAL EXPENSES	<u>252,022,810</u>	<u>2,148</u>	<u>2,680</u>	<u>1,945</u>	<u>1,546</u>
OPERATING INCOME	17,271,918	147	514	140	5
		6.4%			
PATIENT DAYS	85,305				
ADJUSTED PATIENT DAYS	117,317				
TOTAL BED DAYS AVAILABLE	127,385				
ADJ. FACTOR	0.7271				
TOTAL NUMBER OF BEDS	349				
PERCENT OCCUPANCY	66.97%				
	<u>PATIENT</u>				
PAYER TYPE	<u>DAYS</u>	<u>% TOTAL</u>			
SELF PAY	4,256	5.0%			
MEDICAID	6,849	8.0%	10.1%	3.0%	1.9%
MEDICAID HMO	0	0.0%			
MEDICARE	48,866	57.3%	74.2%	60.3%	42.4%
MEDICARE HMO	0	0.0%			
INSURANCE	2,601	3.0%			
HMO/POP	22,733	26.6%	42.9%	25.9%	9.6%
OTHER	0	0.0%			
TOTAL	<u>85,305</u>	<u>100%</u>			

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

Managed care levels were reported at 28.6 percent during 2002. The applicant forecasts managed care levels at 26.6 percent, which is between control group median and highest level of 25.9 and 42.9 percent. With the projected managed care level approximating the median, these levels if realized are likely to have a positive impact on competition.

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 basic concept of this application is that two HCA-affiliated hospitals in Ft. Myers will be combined. Southwest Florida Regional Medical Center (SWFRMC), a 400-bed facility will be abandoned and 435,934 square feet will be added to Gulf Coast Hospital (GCH), a 120-bed facility on a 65-acre site. The resulting hospital will have 349 beds with a net loss of 171 beds.

Currently, both facilities are underutilized and merging them will enable HCA to sell the existing SWFRMC site and part of the land where GCH is located to help generate a health care center with more medical office buildings and health services.

SWFRMC was built in 1974 and has some understandable and reasonable issues relating to renovations, updating of systems, and the state of the physical plant. Some improvements would be quite costly to accomplish and would still not solve many of the problems. In most of the existing building, it is impossible to provide larger spaces because of column spacing, bearing wall locations, and other such limitations.

The application included a report prepared by an architectural firm with extensive health care experience, which outlines many improvements that either cannot be done at SWFRMC or would be inordinately expensive to carry out. The facility has had additions and changes over the years that have resulted in less than ideal situations, such as fragmenting various departments and working in spaces that are smaller and more poorly laid out than is ideal. This is because of the age of the building and the site situation in Fort Myers.

While the application contains conflicting information regarding the date GCH was built, which the Agency is unable to confirm, it does appear that GCH's facility is newer and more up to date than SWFRMC. However, all the existing semi-private patient rooms at GCH will remain semi-private and it appears that extensive non-handicapped accessibility situations will need to be corrected. Whereas most new facilities are providing all private rooms, a significant number of patient rooms at the new facility will still be semi-private.

The scenario of non-cost-effective needs is typical for almost all older hospitals and the opportunity to effectively "start over" must be compelling to HCA.

The proposed merger would eliminate duplication of services and be more advantageous financially to the owner. The new space that will be added and the renovation of part of GCH will provide the patients and the medical community with more state-of-the-art spaces and equipment. The number of outpatient services should increase which will also be advantageous to all concerned.

The proposed new construction of 435,934 sq ft represents 94 percent of the existing SWFRMC square footage. Also, 17 percent of the existing GCH will be renovated to some extent. It is projected that GCH will remain operational until the new addition is completed. However, the applicant does not indicate what services it would be providing during the renovation process. After renovation, the first floor will be used as an outpatient facility, a women's center, and other diagnostic services.

Without knowing more about the existing SWFRMC facility and examining every shortcoming on the attached plans and the deficiency report, it is clear that there are obvious upgrades that cannot reasonably be made to the existing facility.

The site preparation required for the addition is going to be extensive and expensive. The site must be elevated by three feet, which is a major item. The application is not quite clear about whether all of the fill will come from the site itself in creating the retention/detention ponds. The fact that the addition requires increasing the elevation to meet codes causes some concern about the floor elevation of GCH. No stairs or ramps are shown where the existing and the new spaces intersect, so if GCH is not now at the level of the addition, there would be cause for concern. Additionally, roads will be realigned and there will be a great increase in the number of parking spaces on the site.

The proposed plans were done by a design professional with extensive health care experience, and not surprisingly, all the floors were well laid

out and all the major code-required spaces were provided. With the exception of stating that the elevators will have electrical and medical gas for patient's benefit, the plans are well thought-out. An elevator may not have the amenities that the narrative mentions.

It is required that schematic drawings be submitted as part of the CON application. The drawings for this proposal 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 applicant's commitment to charity and Medicaid, with comparison to the district, based on fiscal year (FY) 2002 actual data prepared by AHCA:

**Southwest Florida Regional Medical Center
Medicaid and Charity Care
Compared to the District
Fiscal Year 2002**

Facility	FY 02 Percentage of Conventional Medicaid Days	FY 02 Percentage of Charity Services
Southwest Florida Reg. Med. Ctr.	7.3%	0.3%
District 8 Weighted Average	8.5%	1.9%

Source: FY 2002 Actual Data/AHCA

As reflected in the table, SWFRMC's provision of Medicaid and charity is below the district average. As of March 31, 2004, SWFRMC was not listed as a disproportionate share provider for State Fiscal Year 2003-2004.

Schedule 7A of the application also contains the projected payer distribution in the second year of operation of the proposed project:

**Southwest Florida Regional Medical Center
Payer Distribution by Category
Second Year of Operation**

Payer Category	Percent of Patient Days
Medicare	56.07%
Medicaid	8.83%
HMO/PPO	26.97%
Insurance	3.00%
Self-Pay/Other	5.14%
Total	100.0%

Source: CON #9766 Application

The blended Medicaid/Medicaid HMO/charity condition for the 349 beds replacement facility is 6.43 percent.

F. SUMMARY

Southwest Florida Regional Medical Center, Inc. (CON #9766) is proposing to construct a replacement facility on the campus of Gulf Coast Hospital (GCH), located 4.7 miles from Southwest Florida Regional Medical Center (SWFRMC). Both facilities are part of the HCA, Inc.'s chain of for-profit hospitals. With approval of this project, GCH will delicense all of its beds, effectively closing, and SWFRMC will relocate and delicense 51 of its acute care beds. Once the project has been completed, the new SWFRMC will consist of 349 acute care beds. This project will result in a net reduction of beds in District 8, Subdistrict 5, Lee County, with the delicensure of 161 acute and 10 skilled nursing beds between the two hospitals.

The proposed project consists of new construction of 435,934 GSF and 19,411 GSF of renovation. The project involves a total construction cost of \$91,546,140 and a total project cost of \$199,349,288.

After weighing and balancing all applicable review criteria, the following relevant factors are listed with regard to the hospital project in District 8, Subdistrict 5, Southwest Florida Regional Medical Center, Inc. d/b/a Southwest Florida Regional Medical Center.

Need:

The Agency published no need for acute care beds in District 8, Subdistrict 5. The applicant does not apply under the fixed need pool, but applies under special circumstances and does not propose to add acute care beds. Rather the applicant proposes to relocate and delicense acute beds.

During the most recent 12-month reporting, the acute care bed occupancy for District 8 was 46.58 percent and 41.93 percent for the subdistricts. The 400 acute care beds at SWFRMC reported an average occupancy of 34.93 percent for the reported timeframe. Gulf Coast Hospital's 110 acute care beds reported an average occupancy of 24.50 percent. The proposed project will decrease licensed beds in the subdistrict by 171, including 161 acute care beds.

The project will better serve the same patient population and will address some of the problems of the hospital's existing location. There are limitations at the present site that renovations cannot address. The proposed project would eliminate duplication of services and equipment and be more advantageous financially to the owner. Existing facilities are expected to be minimally impacted, if impacted at all.

Quality of Care:

The applicant is JCAHO accredited and a quality care provider.

Medicaid/charity care:

The applicant is not a disproportionate share Medicaid provider. Schedule 7A indicates that the applicant projects Medicaid patient days will account for 8.83 percent of the project's acute care patient days. Self-Pay/charity care is projected 5.14 percent. During FY 2002, SWFRMC provided 7.3 percent of its total patient days to Medicaid patients and 0.3 percent to charity care patients. The blended Medicaid/Medicaid HMO/charity condition for the 349 beds replacement facility is 6.43 percent.

Financial Feasibility:

The financial review of the applicant and its parent corporation indicates that a number of various lawsuits against the parent are outstanding. These various lawsuits, either individually or in total, may have a material adverse impact on the parent corporation and potentially the applicant. Overall, the applicant has an adequate short-term and a good long-term position.

Funding for this project and expenditures will come from a parent inter-company loan and appears that the applicant will have access to capital

as needed to complete this project. The funding for all capital projects appears likely.

The financial feasibility of this project appears likely. With the projected managed care level approximating the median, these levels if realized are

The financial review determined that the project is likely to have a positive impact on competition promote quality and cost-effectiveness.

Architectural Analysis:

SWFRMC physical plant was built in 1974, and has had additions and changes over the years that have resulted in less than ideal situations. Needed improvements to the facility would be quite costly to accomplish, if they can be done at all, and would still not solve many of the problems.

GCH is a newer facility. The existing semi-private patient rooms at GCH will remain semi-private and extensive non-handicapped accessibility situations will need to be corrected. The new space that will be added and renovated will provide the patients and the medical community with more state-of-the-art spaces and equipment and outpatient services.

The site preparation required for the addition is going to be extensive and expensive. There are concerns about the floor elevation of GCH since the addition requires increasing the elevation to meet codes. No stairs or ramps are shown where the existing and the new spaces intersect, so if GCH is not already at the level required for the addition, there is cause for concern.

G. RECOMMENDATION

Approve CON #9766 for Southwest Florida Regional Medical Center to construct a 349-bed replacement hospital at the location of Gulf Coast Hospital through the delicensure of 51 acute beds at Southwest Regional Medical Center and 110 acute and 10 hospital-based skilled nursing beds at Gulf Coast Hospital. The project consists 435,934 GSF if new construction and 19,411 GSF of renovation. Construction costs total \$91,546,140 and project costs total \$199,349,288.

CONDITION:

A minimum of 6.43 percent of the total annual acute care patient days shall be provided to Medicaid/Medicaid HMO and charity patients on a combined basis.

AUTHORIZATION FOR AGENCY ACTION

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

DATE: _____

Karen Rivera
Health Services and Facilities Consultant Supervisor
Certificate of Need

Jeffrey N. Gregg
Chief, Bureau of Health Facility Regulation