

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Mount Sinai Medical Center of Florida, Inc. (CON #9774)

4300 Alton Road
Miami, Beach, Florida 33140

Authorized Representative: Steven D. Sonenreich,
Chief Executive Officer
(305) 674-2222

Lifemark Hospitals of Florida, Inc. (CON #9775)

999 Ponce de Leon Blvd.
Suite 950
Coral Gables, Florida 33134

Authorized Representative: Patricia Greenberg
(305) 444-5007

2. Service District/Subdistrict

District 11, Dade County

B. PUBLIC HEARING

A public hearing was not held or requested regarding the proposed projects. However, both applicants submitted letters of support for their respective projects as discussed below.

Mount Sinai Medical Center of Florida, Inc. (CON #9774) submitted 121 letters of support with its application specifically endorsing the applicant's addition of 22 comprehensive medical rehabilitation (CMR) beds at Mount Sinai Medical Center of Florida (MSMCF). The letters

CON Action Number: 9774-9775

consisted of: one letter from a concerned citizen, 57 letters from board members of MSMCF, 61 letters from physicians who practice at MSMCF and one letter that describes a case study from Paul Katz, the Chief Medical Officer of MSMCF.

One additional letter of support from a health care provider was received directly by the Agency specifically endorsing this project.

In general the letters stated that patients who need CMR beds at MSMCF must wait to obtain the service in an acute care bed, which may be problematic clinically for patients and may also result in higher total cost of care. The delays experienced in receiving rehabilitation treatment will increase as the population of the service area increases and ages over time. The project will reduce the delays patients experience in obtaining this service and will ensure timely, clinically appropriate and cost-effective patient care. In addition, the letters state that MSMCF is developing a Center of Excellence for orthopedic and rehabilitation patients. The additional 22 CMR beds are needed to allow for the effective treatment of these patients and the grouping of patients with similar conditions. The letters did not address why patients needing rehabilitation treatment were not transferred to existing rehabilitation providers in the area.

The applicant submitted a case study that described a post hip surgery patient who was referred to an inpatient CMR setting, but had to wait four days for admission. The admission was delayed because a bed was not available, lack of private rooms and the necessity to match double rooms with the same gender. As a result of the delay, the patient lost some range of motion, experienced stiffness and increased pain. The patient's daily living functions decreased and when finally admitted to the CMR unit, the patient could not fully participate in the program. The patient was treated for 14 days and was discharged to a long-term care facility. The letter further stated that delay in admissions into the CMR is a known problem that not only affects the patient's clinical outcomes, but the overall cost of providing care to them. The study does not indicate if an available bed was sought at another facility. The study appears to indicate that it is MSMCF's practice not to seek transfer of CMR patients to other facilities with available beds when the 60 beds at MSMCF are fully utilized, but rather to hold them in acute care beds until a CMR bed becomes available at MSMCF.

Lifemark Hospitals of Florida, Inc. (CON #9775) submitted 10 letters of support with its application specifically supporting the establishment of a 20-bed CMR unit at Palmetto General Hospital. Eight of the letters were from physicians. One letter was from the CEO of Hialeah Hospital. Another letter was from the CEO of Pinecrest Rehabilitation Hospital (PRH) in Palm Beach County who stated that PRH would provide management services to Palmetto General Hospital and looked forward to working with Palmetto General Hospital in this endeavor.

The letters are form letters, signed by physicians and state that it is difficult for doctors to actively follow patients at other facilities. Each physician who submitted the form letter stated that they would refer five to 30 patients to the CMR unit annually.

The letters also addressed concern for CMR patients who must be transferred to other facilities for care and the Hispanic population in the areas with special cultural needs who are reluctant to travel outside the Hialeah area and may go to a nursing home for treatment rather than transfer the long distance to another CMR facility. However, in a recent letter of support submitted by Palmetto General Hospital for a CON application submitted by Villa Maria Nursing & Rehabilitation Center, Inc. doing business as St. Catherine's Rehabilitation Hospital (CON #9722), the applicant indicated that Villa Maria's new hospital would benefit the largely Hispanic population that does not like to travel far from the neighborhood to receive medical care. Villa Maria was recently approved to move CMR beds into this area to serve this population via CON #9722 and submitted a letter of opposition to both projects, indicating it will be substantially negatively impacted should either project be approved, as discussed below.

Letter of Opposition:

One letter of was received opposing both applicants' proposals from Elizabeth McArthur, representing Villa Maria Nursing and Rehabilitation Center, Inc. d/b/a St. Catherine's Rehabilitation Hospital (St. Catherine's). The letter states that there is a published need of zero, meaning that according to AHCA rule methodology, there is no numeric need. Approving either one of the projects would do harm to the existing Dade County CMR providers that are underutilized. Two providers with the lowest utilization for CMR services are St. Catherine's, averaging around 40 percent annual occupancy for many years (60 CMR beds) and Jackson Memorial CMR unit, averaging under 50 percent annual occupancy for many years (80 beds). Jackson Memorial and St. Catherine's provide nearly 10 percent of its CMR admissions to Medicaid and charity care. Ms. McArthur alleges that there are no geographical or financial problems as all patients in Dade County are able to access

services at several different existing providers well within the two-hour driving drive time standard listed in rule (Chapter 59C-1.039(6), Florida Administrative Code, citation provided by reviewer).

Regarding adding beds at Mount Sinai (**Mount Sinai Medical Center of Florida, Inc. (CON #9774)**), Ms. McArthur states that it would be better for the community for patients to access services at St. Catherine's or Jackson Memorial, Parkway Regional or Mercy Hospital, all of which are about 10 miles from Mount Sinai. Additionally, it is a more appropriate alternative to utilize the existing CMR bed capacity in Dade County, a tertiary service requiring skilled staff including nurses, therapist and technicians who are in short supply.

Regarding establishing a CMR unit at Palmetto General Hospital (**Lifemark Hospitals of Florida, Inc. (CON #9775)**); Ms. McArthur states that a better alternative is to utilize existing beds at St. Catherine's (about 11 miles away), or at Jackson Memorial (about 15 miles away) or at Meadowbrook rehabilitation Hospital, less than 10 miles away from Palmetto General. Additionally AHCA has recently approved a CON proposal for St. Catherine's to relocate 40 of CMR beds to a new CMR hospital to be located a block away from Palmetto Hospital. This will use underutilized beds capacity to improve access for the northwest Dade County population, while not adding any CMR beds. According to Ms. McArthur, St. Catherine's already serves this area, with the second highest market share in the five-mile area surrounding Palmetto General based on calendar year data, second to Meadowbrook, with Jackson Memorial having the third market share. As noted above, Palmetto General Hospital supported St. Catherine's CON application #9722 to move CMR beds closer its facility.

C. PROJECT SUMMARY

Mount Sinai Medical Center of Florida, Inc. (CON #9774) (MSMCF) proposes to add 22 comprehensive medical rehabilitation unit (CMR) through the conversion of 22 acute care beds to its existing and CON approved 60-bed CMR unit. MSMCF owns Mount Sinai Medical Center (MSMC) and Miami Heart Institute (MHI). The two hospitals merged creating Mt. Sinai Medical Center and Miami Heart Institute South (MSMC&MHI)¹ on one campus and Mt. Sinai Medical Center (MSMC) on another. Both are Class I General Acute Care Hospitals and MSMC is a statutorily defined teaching hospital. MSMC & MHI consist of 274 beds, with 236 acute, 22 skilled nursing unit beds and 16 CMR beds. It also

¹ The applicant recently closed its North campus, leaving two inpatient campuses: MSMC&MHI and MSMC.

CON Action Number: 9774-9775

has an approved CON (#9568) to move 44 CMR beds from its main campus to create a 60-bed CMR unit and making the total licensed capacity, once the move is accomplished, 318. It is on this campus that the applicant seeks to add the 22 CMR beds, creating an 82-bed CMR unit and on this campus the applicant is proposing to delicense 22 acute care beds.

The applicant is requesting that the project be conditioned on the facility's location as 4701 North Meridian Avenue, Miami Beach, Florida, 33140. Additionally the applicant has agreed to condition award of the CON upon providing 2.26 percent of its CMR patient days to charity care and Medicaid patients on a combined basis.

The proposed project consists of \$511,413 in construction costs and involves 7,203 GSF of new construction space. The project involves a total cost of \$1,241,837.

Lifemark Hospitals of Florida, Inc. (Con #9775) d/b/a Palmetto General Hospital (PGA) proposes to establish a 20-bed comprehensive medical rehabilitation unit (CMR) through the conversion of 20 acute care beds. The applicant is licensed as a 360-bed, Class 1 general hospital. Its licensed bed capacity is 302 acute care beds, 10 Level II NICU beds, and 48 adult psychiatric beds. PGA offers a variety of services including cardiac cauterization, cardiopulmonary, pediatrics, obstetrics, outpatient surgery lithotripsy, radiation therapy, outpatient imaging and rehabilitation services.

During 2003 AHCA approved two CON's to the applicant. CON #9622 was approved for the conversion of five acute care beds to NICU Level II, increasing the number of NICU Level II beds from 10 to 15 beds. The other CON (#9394) approved an adult open heart surgery program at PGA.

The applicant is requesting that the project be conditioned on the facility's location as 2001 West 68th Street, Hialeah, Florida, 33016. Additionally the applicant has agreed to condition award of the CON upon providing seven percent of its CMR patient days to charity care and Medicaid patients on a combined basis.

The proposed project consists of \$350,000 in construction costs and involves 6,200 GSF of construction space. The project involves a total cost of \$1,315,878.

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, applications are comparatively reviewed to determine which applicant 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 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, Florida Administrative Code.

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 11 for the January 2009 planning horizon.

As shown in the table below, District 11 has 421 licensed comprehensive medical rehabilitation beds. The MSMCF has not fully implemented CON #9568 and is in the process of moving all 60 CMR beds to its MHI campus. The chart below reflects utilization at both campuses.

Comprehensive Medical Rehabilitation Bed Utilization District 11 – July 2002-June 2003			
Facility	Beds	S*	Occupancy %
Baptist Hospital of Miami	36		77.43%
Jackson Memorial Hospital	80		48.85%
Mount Sinai Medical Center & Miami Heart Institute**	60		81.04%
Parkway Regional Medical Center	12		82.51%
South Miami Hospital	33		70.83%
Mercy Hospital	20		85.96%
HealthSouth Rehabilitation Hospital	60	S	103.16%
St. Catherine’s Rehabilitation Hospital	60	S	43.65%
Meadowbrook Rehabilitation. Hospital of West Gables	60	S	76.88%
Total District Beds/ Average District Utilization	**421		71.01%

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

***S = Specialty Rehabilitation Hospital**

****MSMCF is in the process of moving the approved 20 CMR beds per CON #9568 to MHI campus for a total of 60 CMR beds, but has not yet moved all 20 beds.**

As shown in the above table, the comprehensive medical rehabilitation beds in District 11 experienced an average occupancy rate of 71.01 percent from July 2002-June 2003.

Below is a table describing the population estimates and projections for District 11 (Dade and Monroe Counties) from July 2004 through July 2009.

**Population Estimates for District 11 and 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
Dade	2,381,640	2,531,302	6.28%	7.96%	7.94%
Monroe	81,328	82,028	0.86%	3.73%	-3.68%
Total District	2,462,968	2,613,330	6.10%	7.81%	7.57%
Total Statewide	17,241,689	18,646,149	8.15%	11.16%	7.77%

Source: AHCA Population Estimates.

As shown in the table above, the population of the state is expected to increase by 8.15 percent, District 11 to increase by 6.10 percent and Dade County to increase by 6.28 percent. The 65 and older population for the state is expected to increase at a rate of 11.16 percent, the district to increase 7.81 percent and Dade County to increase by 7.81 percent. The 75 and older cohort is projected to increase 7.77 percent statewide, the district to increase by 7.57 percent and Dade County to increase by 7.94 percent.

Both applicants are applying outside of the fixed need pool, indicating they both believe there are other, not normal circumstances which constitute need for additional CMR beds in District 11.

b. 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, accredited as a specialty by the Commission on Accreditation of Rehabilitation Facilities (CARF), 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.*

CON Action Number: 9774-9775

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.*

Mount Sinai Medical Center of Florida, Inc. (CON #9774) is the only co-batched applicant that has an existing CMR unit. As the chart below illustrates, the applicant does not meet the special circumstances language in the rule for CMR beds that allows expansion if occupancy was at least 90 percent for two consecutive calendar quarters for a specified period. Utilization reported by the hospital to the agency follows:

**July 2002 through June 2003
CMR Utilization at MSMC & MHI**

Quarter	Occupancy
1 st	79.49%
2 nd	82.39%
3 rd	82.04%
4 th	81.04%

**Source: Florida Hospital Bed & Service
Utilization by District January 2004
Batching Cycle**

Although the applicant does not meet the special circumstances in this section of the Rule, it contends that there are “not normal”

circumstances existing that warrant the approval of additional CMR beds beyond the published fixed need pool of zero.

c. Other Not Normal Circumstances

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.

Priority Considerations for Comprehensive Medical Rehabilitation Inpatient Services Applicants. In weighing and balancing statutory and rule review criteria, the agency will give priority consideration to:

- 1. An applicant that is a disproportionate share hospital as determined consistent with the provisions of section 409.911, Florida Statutes.*
- 2. An applicant proposing to serve Medicaid-eligible persons.*
- 3. An applicant that is a designated trauma center, as defined in section 10D-66.108, Florida Administrative Code.*

Additionally, comprehensive rehabilitation is defined in section 408.032 (1) (17), Florida Statutes, as a tertiary care service:

CON Action Number: 9774-9775

*"Tertiary health service" means a health service which, due to its high level of intensity, complexity, specialized or limited applicability, and cost, should be limited to, and concentrated in, a limited number of hospitals to ensure the quality, availability, and cost-effectiveness of such service. Examples of such service include, but are not limited to, organ transplantation, specialty burn units, neonatal intensive care units, **comprehensive rehabilitation**, and medical or surgical services which are experimental or developmental in nature to the extent that the provision of such services is not yet contemplated within the commonly accepted course of diagnosis or treatment for the condition addressed by a given service. The agency shall establish by rule a list of all tertiary health services.*

Mount Sinai Medical Center of Florida, Inc. (CON #9774) is proposing to convert 22 acute care beds at its MHI facility and is not a Medicaid disproportionate share provider for state fiscal year 2003-2004. The applicant is not a designated trauma center. The applicant is proposing to provide a minimum of 2.26 percent of its CMR patient days to the medically indigent.

The applicant referenced a letter submitted by its chief medical officer describing the CMR program as unique in that it combines clinical care with teaching and research programs. The applicant states that it is one of six statutory teaching hospitals in Florida and the CMR unit is an inpatient element of its training program. The applicant listed 13 independent teaching programs that it offers and the 10 affiliate programs that it has with the University of Miami School of Medicine/Jackson Memorial Hospital. The applicant states that it has over 160 trainees in these specialties and that accrediting agencies have placed increased emphasis on becoming expert in the continuum care from the ambulatory setting through hospitalization and discharge. The applicant contends that without the increase in CMR beds proposed in this application, its ability to offer this training will be strained.

The applicant described the variety of services it offers and the staff involved to meet the patients' medical needs. The applicant listed its management team and their experience. In addition the applicant described the medical education component for residents/fellows affiliated with the University of Miami/Jackson Memorial Hospital as well as its own independent residency programs.

CON Action Number: 9774-9775

The applicant provided a chart showing its patient origin for CMR services by zip code experienced in CY 2003. According to the applicant, 70.8 percent of the cases orientated from its primary service area and 13.5 percent originated from its secondary area yielding 84.3 percent of its CMR cases originated from the area from the zip codes in its service area. The applicant also provided map indicating that most of its CMR cases originate from Dade County, with a smaller percentage from Southern Broward County. The applicant expects that it will serve the same patient base following the completion of the proposed project.

The applicant provided a table illustrating its utilization rates for CY 2001, 2002, and 2003 by quarter.

Mount Sinai Medical Center of Florida, Inc. Historical Utilization CMR Beds, Calendar Years 2001, 2003, 2003					
Year/Utilization	Quarter				Total
	01	02	03	04	
2001					
Cases	365	335	314	316	1,330
Patient Days	4,691	4,397	4,314	4,299	17,701
ALOS	12.9	13.1	13.7	13.6	13.3
Available Bed Days	5,400	5,460	5,520	5,520	21,900
Occupancy	86.9%	80.5%	78.2%	77.9%	80.9%
2002					
Cases	356	339	323	354	1,372
Patient Days	4,263	4,199	4,388	4,548	17,398
ALOS	12	12.4	13.6	12.8	12.7
Available Beds	5,400	5,460	5,520	5,520	21,900
Occupancy	78.9%	76.9%	79.5%	82.4%	79.4%
2003					
Cases	341	338	396	392	1,467
Patient Days	4,430	4,381	4,975	4,783	18,569
ALOS	13	13	12.6	12.2	12.7
Available Beds	5,400	5,460	5,520	5,520	21,900
Occupancy	825	80.2%	90.1%	86.6%	84.8%
2004					
Cases	396	NA	NA	NA	NA
Patient Days	4,994	NA	NA	NA	NA
ALOS	12.6	NA	NA	NA	NA
Available Beds	5,460	NA	NA	NA	NA
Occupancy	91.5%	NA	NA	NA	NA

Source: CON #9774 Application, page 28. Health Council of South Florida, Inc. Hospital Utilization Reports for 2001, 2002 and 2003 and Internal Data for 2004.

CON Action Number: 9774-9775

As shown in the table above, the applicant was at 90.1 percent occupancy for the 03 quarter of CY 2003, at 86.6 percent for the 04 quarter of CY 2003 and is currently at 90.5 percent for the 01 quarter of CY 2004. The applicant maintains that while all of its CMR beds were at the MSMCF campus, it was constrained in its effective utilization and once the beds began to move, the occupancy rate increased. The applicant maintains that it has maximized the reasonable capacity of its CMR beds and needs to add beds to accommodate projected future growth in demand.

The applicant provided the following table to illustrate its projections for utilization.

Mount Sinai Medical Center of Florida, Inc. Projected Utilization of CMR Beds Years Ending March 31, 2006, 2007, and 2008				
	Historical	Projected		
	1/1/03- 12/31/03	4/01/05- 3/31/06	4/01/06- 3/31/07	4/01/07- 3/31/08
Utilization of Existing Beds				
Cases	1,467	1,467	1,467	1,467
Patient Days	18,569	18,569	18,569	18,569
ALOS	12.7	12.7	12.7	12.7
ADC	51	51	51	51
Existing Beds	60	60	60	60
Occupancy %	84.8%	84.8%	84.8%	84.8%
Utilization of Proposed Beds				
Proposed Additional Beds		22	22	22
Projected Occupancy		60%	70%	75%
Patient Days		4,818	5,621	6,023
ALOS		12.7	12.7	12.7
Cases		381	444	476
ADC		13.2	15.4	16.5
Total utilization of Existing and Proposed Beds				
Cases	1,467	1,848	1,911	1,943
Patient Days	18,569	23,387	24,190	24,592
ADC	51	64	66	67
Incremental ADC		13.2	15.4	16.5

Source: CON #9774 Application, page 30. Health Council of South Florida, Inc., Hospital Utilization Reports.

As shown in the table above, the applicant projects that for 2006, 2007 and 2008 that the utilization rate for their CMR beds will be 70 percent, 75 percent and 75 percent respectively.

The applicant maintains that the historical and projected market share of CMR cases in Dade County will remain constant and provided the following table to illustrate this point.

Mount Sinai Medical Center of Florida, Inc. Projected Market Share for Comprehensive Medical Rehabilitation Services Years Ending March 31, 2006, 2007, and 2008 beds				
	Historical		Projected	
Dade County	1/1/03-12/31/03	4/1/05-3/31/06	4/1/06-3/31/07	4/1/07-3/31/08
Pop 65+ Dade County	314,116	324,029	328,662	333,673
Dade County Cases/1,000 Pop	24.1	24.1	24.1	24.1
Dade County Cases	7,575	7,814	7,926	8,047
MSMCF Cases	1,467	1,848	1,911	1,943
MCMCF Market Share	19.4%	23.6%	24.1%	24.1%
Incremental Market Share		4.3%	4.7%	4.8%

Source: CON #9774 Application, page 32. Health Council of South Florida, Inc. Hospital Utilization Reports and AHCA Population Estimates Published June 2003.

As shown in the table above, there were 7,575 cases in Miami-Dade County treated at county facilities during CY 2003, resulting in a use rate of 24.1 cases per 1,000 population age 65 and older. The use rate was developed on the 65 and older cohort because this population tends to utilize CMR services most often and Medicare is the primary payor for CMR. The market share for MCMCF is 19.4 percent. The projected rates for the first to years of operation are 23.6 percent, 24.1 percent with a market share increase of 4.8 percent between CY 2003 and its third projected year of operation.

The applicant states that its inability to utilize all of its beds has created a “not normal” circumstance that has prevented it from meeting the 90 percent special circumstance threshold. Prior to the approval of CON #9568, the applicant operated a four-bed ward that could not always be fully utilized due to patient matching issues. Once the applicant was able to transfer CMR beds from MSMC to its MHI campus, it experienced an increase in the occupancy of these beds. The applicant expects that when the remaining beds are transferred, that these beds will meet the 90 percent utilization threshold.

As stated earlier in this section, the applicant maintains that it provides research programs, resulting in “not normal” circumstances generating the need for additional CMR beds as it partners with University of Miami/Jackson Memorial Hospital regarding a rehabilitation residency they are starting. Additionally the applicant intends to develop the MHI campus a Center of Excellence for orthopedic and rehabilitation patients over the next few years.

CON Action Number: 9774-9775

The applicant described the population growth estimates for Dade County and the fact that they are expected to experience disproportionate population growth in the older age cohorts that most require rehabilitation services. See the population growth table for District 11.

**Population Estimates for District 11 and 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
Dade	2,381,640	2,531,302	6.28%	7.96%	7.94%
Monroe	81,328	82,028	0.86%	3.73%	-3.68%
Total District	2,462,968	2,613,330	6.10%	7.81%	7.57%
Total Statewide	17,241,689	18,646,149	8.15%	11.16%	7.77%

Source: AHCA Population Estimates.

The applicant maintains that patients at MSMCF may have problems accessing CMR beds. According to the applicant, in CY 2003 there were a total of 123 avoidable acute care days due to unavailable CMR beds. During January and February 2004 there were 48 avoidable days due to unavailable CMR beds resulting in an average of 24 avoidable days per month. It is again noted that the applicant appears to not consider transfer of patients to available CMR beds at existing facilities, preferring to hold them in its acute care beds until CMR beds are available at MSMC & MHI.

The applicant has shown that it is currently internally experiencing access issues to its own CMR beds that will likely be resolved once all approved CMR beds are moved to its MSMC & MHI campus. It anticipates market share expansion that it contends will not impact existing providers. However, as St. Catherine's opposition letter points out, existing providers have underutilized units and expansion at MSMC & MHI is likely to negatively impact existing underutilized facilities. Given the applicant's current apparent practice of not transferring patients needing CMR services, even at the expense of patient recovery as noted in the case study discussed at the beginning of this report in which a patient lost some range of motion experienced stiffness and increased pain because it was kept in the acute care bed, there is a possibility that within the next three years it will experience the same access issues within its own unit. Current rules allow for expansion of existing units, as noted above, when occupancy is 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 other condition is also met. Once all beds are implemented under CON #9568 and occupancy reaches the occupancy standard for additional beds, the applicant should seek these additional beds. The applicant appears to

CON Action Number: 9774-9775

have applied prematurely and based its application on highly speculative data. Need for an additional 22 CMR beds at MSMC & MHI was not demonstrated.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that it believes there are “not normal circumstances” that affect the determination of need. Specifically, the applicant states that the need for additional beds is not being published by the agency because of low utilization in at least two existing CMR units, Villa Maria Nursing and Rehab Center d/b/a St. Catherine’s Rehab Hospital) and Jackson Memorial Hospital. The applicant is proposing to delicense 20 underutilized acute care beds, is not a Medicaid disproportionate share provider for state fiscal year 2003-2003, and is not a trauma center.

As noted above, CMR is a tertiary care service which means that services are limited due to their high level of intensity, complexity, specialized or limited applicability, and cost, and that they should be concentrated in a limited number of hospitals to ensure the quality, availability, and cost-effectiveness of this service. The fact that these tertiary care beds are not being used, as the applicant points out, is exactly the reason need for additional beds was not published. The occupancy rate for District 11 was 69.1 in CY 2002 and 71.01 percent between July 2002 and June 2003. The occupancy rate for Villa Maria was 43.7 percent and for Jackson Memorial hospital 48.9 percent.

The applicant states that Palmetto General Hospital’s service area consists of a five to seven mile radius including 12 zip codes in the Hialeah area. The zip codes are based on the top 80 percent of admissions with each zip code accounting for at least one percent of the hospital’s acute care discharges. The applicant states that the primary service area for Palmetto General Hospital had a population base of 529,843 in 2003 that is projected to increase to 577,813 by 2008 (but did not provide this documentation in the application). As noted in the public hearing section above, the applicant appears to anticipate serving the Hispanic population in its area and yet supported St. Catherine’s application (CON #9722) to serve that same population. The opposition letter submitted by St. Catherine’s representative notes strong opposition to both CON applications, because she believes either project will negatively impact St. Catherine’s relocated CMR hospital if approved. It appears that Palmetto is expecting to serve much of the population St. Catherine’s expects to serve when it relocates closer to Palmetto’s service area. The applicant states its primary service area consists of the following zip codes: 33012, 33016, 33014, 33015, 33018, 33010, 33044, 33013, 33166, 33147, 33054 and 33056. St. Catherine’s in its recent CON application #9277, indicated that it would primary serve the following zip codes after the proposed move: 33010, 33012, 33013,

CON Action Number: 9774-9775

33014, 33015, 33016, 33018, 33166, and 33178. These zip codes overlap as shown below:

ZIP Code Overlap Proposed CMR Services	
<i>Palmetto</i>	<i>St. Catherine's</i>
33012	33012
33016	33016
33014	33014
33015	33015
33018	33018
33010	33010
33013	33013
33166	33166
33055	33178
33147	
33054	
33013	

Source: CON #9775 and 9722

Additionally, the applicant indicates that the majority of its Hispanic (81 percent) and total (78 percent) primary service area discharges come from the overlapped areas, specifically ZIP codes 33012, 33016, 33014, 33015, 33018, 33010.

The table below illustrates the driving time and mileage from Palmetto General Hospital to the other existing CMR facilities in District 11 provided by this reviewer.

Mileage & Driving Time from Palmetto General Hospital to the other Existing CMR Facilities in District 11		
Facility	Miles From PGA	Driving Time in Minutes
Baptist Hospital of Miami	14.6	23
Jackson Memorial Hospital	10.7	24
Mount Sinai Medical Center	15.2	23
Parkway Regional Medical Center	9.6	25
South Miami Hospital	14	28
Mercy Hospital	13.6	28
HealthSouth Rehabilitation Hospital	9.8	12
St. Catherine's Rehabilitation Hospital (Villa Maria Nursing & Rehab Center)	9.5	19
Meadowbrook Rehab Hospital of West Gables	9.8	12

Source: Data retrieved from Expeditamap.com.

CON Action Number: 9774-9775

As shown in the table above, the furthest CMR facility from Palmetto is 14 miles with a driving time of 28 minutes, within the two-hour driving rule for the district. Additionally, as noted above, St. Catherine's was recently awarded CON #9722 to relocate 40 CMR beds closer to Palmetto General Hospital and will be serving relatively the same CMR patient population.

The applicant described the age growth in Dade County and for its service area. As shown in the table in the beginning of this section, the 65 and older cohort is expected to grow by 7.81 percent and the 75 and older cohort is expected to grow by 7.57 percent by July 2009. The applicant contends that it can support an inpatient rehab program similar to the other hospital-based programs District 11.

The applicant contends that it serves a greater proportion of Hispanic and African-American patients in its service area than compared to Dade County provided the following tables for illustration.

Palmetto Hospital Primary Service Area Distribution of Population by Ethnicity						
Ethnicity	2000 Census	% of Total	2003 Estimated	% of Total	2008 Projected	% of Total
African American	110,907	22.23	113,584	21.44	117,311	20.3
Asian	3,636	.73	4,122	.78	4,806	.83
Hispanic	331,571	66.46	359,088	67.77	403,251	69.79
Native American	346	.07	384	.07	452	.08
Other	3,825	.77	4,125	.78	4,616	.80
White	48,608	9.74	48,540	9.16	47,377	8.20
Total	498,893	100	529,843	100	577,813	100

Source: CON #9775 Application page 23. Claritas, Inc.

Distribution of Dade County Population by Ethnicity				
Ethnicity	2003 Estimate	% of Total	2008 Projected	% of Total
African American	442,997	18.82	465,464	18.43
Asian	33,575	1.43	37,509	1.48
Hispanic	1,378,571	58.55	1,526,932	60.44
Native American	2,163	.09	2,441	.10
Other	38,245	1.62	42,724	1.69
White	457,873	19.49	451,127	17.86
Total	2,354,424	100	2,526,197	100

Source: CON #9775 Application pages 23 and 24. Claritas, Inc

The applicant contends that, as shown in the tables above, that the percentage of Hispanic residents of its primary service (68 percent) is greater than Dade County (60.4 percent). The African-American population is 20.3 percent of its primary service area with Dade County at 18.43 percent.

CON Action Number: 9774-9775

The applicant contends that that the percentages of its Hispanic population acute care discharges (83 percent) is higher than the percentage of Hispanics in its service area and for Dade County. The applicant maintains that it is a “Latino hospital” and that its staff is comprised of over 70 percent Hispanics. The applicant discussed the Tenet (applicant’s parent) experience in Florida relating to average length of stay per diagnosis. It maintains that it has a market share of 86.4 percent, but did not provide data in its application to support this. The applicant states that, since there are no CMR facilities in its service area, its elderly patients are placed in a nursing home or must travel outside of their community. As noted earlier, St. Catherine’s Rehabilitation hospital was approved to relocate within the applicant’s primary service area, with the support of the applicant, and intends to provide CMR services to this community.

The applicant contends that approval of this project will not adversely affect other CMR providers in District 11 because: Parkway regional has a 2.2 ADC from the applicant’s primary service area (22 patient days), the applicant does not anticipate a large population of brain injury or spinal cord injury patients who are usually admitted to Jackson Memorial Hospital. Meadowbrook West Gables in located in the west Miami area is not likely to be affected as it is in proximity to Kendall Regional Medical Center (CMR provider). The applicant contends that patients with a religious affiliation will continue to go to Villa Maria Nursing and Rehab Center. In addition the applicant maintains that it will not affect the market share of the other facilities. However, as noted earlier, Villa Maria Nursing and Rehab Center d/b/a St. Catherine’s Rehabilitation Hospital is relocating within the applicant’s primary service area, with the applicant’s support, and is expected to serve the current CMR population the applicant is projecting to serve.

The applicant provided the following table to demonstrate the referrals it has made to existing hospital-based CMR providers in District 11.

Referrals and Admissions to Hospital Based CMR Providers in District 11 from Palmetto General Hospital: March 2003-February 2004			
Facility	CMR Referrals	CMR Admissions	Admission Rate
Jackson Memorial	7	2	28.6%
Mt. Sinai	10	1	10%
Baptist Medical Center	11	1	9%
Spot Miami Hospital	13	1	7.7%
Parkway Regional Med Center	29	7	24.1%
Mercy Hospital	19	2	10.5%
Total	89	14	15.7%

Source: CON #9775 Application, page 58. Social Service Department records at Palmetto General Hospital

As the table indicates, 15.7 percent of Palmetto General Hospital patients are being referred to CMR providers. The applicant makes the contention

that, although this is a low rate, social service personnel report that patients would rather be transferred to a nursing facility than be transferred to a rehab program outside the area. However, there was no specific data provided to support this statement. Additionally, as previously discussed, a CMR hospital is relocating within this area and expected to serve this population.

The applicant failed to demonstrate need for the establishment of a 20-bed CMR unit at Palmetto General Hospital.

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 11 July 2003 CON Allocation Factors Report provides the following preferences in the review of applications pertaining to comprehensive medical rehabilitation beds:

- 1. Preference shall be given to applicants who participate in community education and awareness efforts including education on prevention, and managing and overcoming physical disabilities. Activities may include support groups and community forums.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it consistently provides community education on preventing, managing and overcoming physical disabilities and listed 12 recent education initiatives it has implemented. The applicant recently participated in the Kiwanis Horses and Handicap to the North American Riding for the Handicapped Association. The recreational team participated in various activities to assist cancer and HIV/AIDS patients called "Workout for Hope".

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General Hospital offers public awareness programs through its Speakers Bureau, community lectures and support groups which are published in the local newspapers and posted on its website. The applicant listed 10 of the programs it offers.

Through its affiliation with Tenet Rehab Network, there are educational resources and programs available to Palmetto General Hospital. The applicant described some of the educational classes and programs available including community education programs and prevention programs, community support groups and specific educational presentations to assist patients, families and medical professional in making decisions about rehabilitative alternatives.

- 2. Preference shall be given to applicants who propose to convert underutilized acute care beds, excluding specialty beds, equal to the number of comprehensive medical rehabilitation inpatient beds.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it is consistent with this priority as it proposes to convert 22 acute care beds to 22 CMR beds at the MHI campus in conjunction with this project.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that this project is to establish a 20-bed CMR unit at Palmetto General Hospital. The total bed count for the hospital will not change as it will delicense an equal number of acute care beds for this CMR unit.

- 3. Preference shall be given to applicants who demonstrate that the transfer of beds will not adversely impact the Medicare and private pay markets of area hospitals providing disproportionate share of charity care and Medicaid patient days.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it expects to serve approximately the same percentage of market share and patient origin, the same payor mix and the same diagnosis that it as historically served for CMR and does not expect to impact other area hospitals as a result of the proposed bed expansion. The applicant projects to treat a total incremental average daily census of 16.5 cases, less than the incremental average daily census for Dade County as a whole. Although the applicant projects to experience an incremental growth in average daily census and a slight increase in market share of CMR services in Dade County, it expects the overall growth demand projected for the county will offset the incremental average daily census

projected for the applicant, resulting in no net loss at existing providers. However, as indicated above, the applicant's projections are highly speculative and this application appears to be premature. Additionally, an existing provider indicates its belief that it will be negatively impacted should the CON be awarded.

The applicant states that Jackson Memorial Hospitals (JMH) is a disproportionate share hospital that has a CMR program that operated at just over 50 percent for CY 2003. The applicant maintains that 90 percent of its referrals come from its own physicians (who do not refer to JMH) and that this project will not impact JMH.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that, according to data from the Centers for Medicare and Medicaid (CMS) that in excess of 70 percent of Palmetto General Hospital's patients are low income. The applicant expects that 79 percent of its patients for this project to be Medicare persons. The project does not involve transfer of beds, but rather a conversion of 20 licensed medical/surgical beds to 20 CMR beds. However, as indicated above, this project appears to anticipate serving the same low income patient population as that anticipated to be served by recently approved St. Catherine's Rehabilitation Hospital in its proposal to relocate closer to the applicant.

Generic Preferences

- 1. Preference shall be given to applicants who propose to initiate new service at facilities that provide the highest proportion of charity care and Medicaid days during the past fiscal year for which reimbursement was received through Florida's "Disproportionate Share Program" of the Public Medical Assistance Trust Funds.**

Comparison Between MSMC, PGH and District 11 Providers of Indigent Care CY 2002		
	Charity Care	Medicaid Days
Mount Sinai Medical Center	0.2%	6.3%
Palmetto General Hospital	1%	22.5%
District 11	4.9%	17.7%

Source: CY 2002 AHCA data

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it serves many patients with limited or no ability to pay for health care services and provided a copy of its uncompensated care policy and application. The applicant has a condition on its current CMR beds for 1.6 percent to Medicaid patients and 0.66 percent of patient days to charity care and states that it consistently exceeds and expects to continue with the completion of this project. In CY 2003 the applicant states that it provided 2.6 percent of its CMR patient days to Medicaid patients and 0.9 percent to medically indigent patients. According to AHCA data, in the table above, the applicant provided 6.3 percent of its patient days to Medicaid patients CY 2002. The applicant conditions this application for the provision of a total of 2.26 percent of its patient days to charity care and Medicaid patient on a combined basis.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that as of 2003 Palmetto General Hospital is no longer considered a disproportionate share provider, however its commitment to underserved persons has not changed. Palmetto is a private institution and receives no compensation from the state as a safety net provider unlike the public hospitals and teaching hospitals in the area. The applicant states that Palmetto's total Medicaid/self-insured admissions represent in excess of 30 percent of its total admissions but did not say for which time period. During the CY 2003 the applicant states that its Medicaid percentage of 25 percent compared to 21.7 percent for District 11. According to AHCA data in the table above, the applicant provided 22.5 percent of its patient days to Medicaid patients CY 2002.

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

Mount Sinai Medical Center of Florida, Inc. (CON #9774) listed 24 items that it has initiated to alleviate the nursing shortage that include education, recruitment and retention initiatives.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General Hospital provides on going education, training and staff development to maintain and improve performance competencies and knowledge. The applicant described the monthly programs and quarterly comprehensive Internship Program for new clinical practitioners. Supporting the hospital is the regional office of Tenet Healthcare Corporation, with education, training and recruitment.

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

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it has nurses and ancillary staff who may be called to provide services. It also has a language line available with more than 140 languages that staff may access 24 hours a day, seven days a week.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that most of the patients speak Spanish and that most of the employees at Palmetto General Hospital speak Spanish. There are also staff available who speak Creole and Portuguese fluently.

- 4. Preference shall be given to applicants who offer community education on how to utilize health care facilities when disasters occur.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) provided a copy of its emergency management plan and states that it coordinates with community agencies in the form of resource sharing, training and responses to emergencies. The county and city provide community education but the applicant may be requested to participate by providing space or expertise.

Lifemark Hospitals of Florida, Inc. (CON #9775) participates in disaster preparedness exercises and has a disaster preparedness and response plan in place at Palmetto General Hospital. The applicant provided excerpts of the plan. The applicant contends that it will educate the community on how to use the facilities when disasters occur and intends on involving the community in its disaster preparedness exercises.

- 5. Preference shall be given to applicants who identify methods to streamline application processes and screens patients for public assistance program eligibility (e.g., Medicaid, KidCare, Food Stamps, Temporary Cash Assistance).**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) offers a patient assistance program for patients. Case managers assist the patients with getting financial assistance and provide advocacy for them through the health care process, even after discharge.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that the business office at Palmetto General Hospital is experienced in

dealing with serving Medicaid, charity, indigent and underserved populations. The staff attempt to streamline the process for patients to assure timely eligibility and subsequent payment for services.

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.

(3) 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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that the proposed project will be located at the Miami Heart Institute campus, which is an acute care hospital.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General Hospital is an existing acute care hospital, designated as a General Hospital under Chapter 395, Florida Statutes.

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

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that its CMR beds are located as a separately organized unit that the additional beds proposed in the application will be located on the Miami Heart Institute Campus.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General Hospital is an existing acute care hospital designated as a General Hospital governed under Chapter 395, Florida Statutes. The proposed project is house in a single area of the hospital and will be self-contained.

- (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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it currently operates and will continue to operate CMR capacity beyond the 20-bed criterion. It currently operates a 60-bed CMR unit to which it proposes to add 22 beds.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that the applicant will meet the minimum rule criteria of 20 beds as the approval of this CON will establish a 20-bed unit in Palmetto General Hospital, a General Hospital as defined by Chapter 395, Florida Statutes.

- (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.**

As discussed above in E. 1. b. and c. neither co-batched applicant meets the standards of need determination set forth in this rule.

- (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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) participates in the Medicare and Medicaid programs and intends to maintain the status following the completion of of this project. The applicant conditions this application for the provision of a total of 2.26 percent of its patient days to charity care and Medicaid patients on a combined basis.

Lifemark Hospitals of Florida, Inc. (CON #9775) states the Palmetto General Hospital is a participating provider in the Medicare and Medicaid programs and its status with these programs will not change as result of this project. The applicant conditions this application for the provision of a total of seven percent of its patient days to charity care and Medicaid patients on a combined basis.

- (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 application subject to review under this rule that propose to serve the same district and which were submitted during the same review cycle.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) did not specifically respond to this criterion.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that it is responding to the Not Normal Circumstances discussed earlier. The applicant contends that the proposed project at Mount Sinai will not meet the needs of the Hialeah service area of northwest Dade County. The applicant cites the scenario where recently, although Mount Sinai was opposed to the project believing its facility (located in eastern Dade County) was an appropriate and accessible alternative for the residents of northwest Dade County, Palmetto General Hospital was instead granted approval for an open heart surgery program. Open heart surgery services and CMR services are very different services and each CON application is reviewed on its own merits. CMR is a statutorily defined tertiary care service and therefore is not appropriately established at every hospital. The service area is the district and comparative review appropriate with all facilities seeking to establish or add CMR beds that are located or plan to locate in District 11.

The applicant maintains that these CMR beds are required to meet the respective clinical requirements of the Palmetto General Hospital service area patients. Again, this service is a tertiary care service and the service area is the district. By statutory definition, need cannot be established based on the respective clinical requirements of any single hospital's primary service area patients.

(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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that the medical director of the applicant's CMR program is David Lawrence Lipkin, M.D., board-certified in physical medicine and rehabilitation. He intends to maintain his status once this project is completed. The applicant included Dr. Lipkin's curriculum vitae with their application.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General hospital will recruit a medical director of rehabilitation who is board certified in psychiatrist and has had at least two years of experience in the medical management of inpatients requiring rehabilitation services. Highlights and requirements of the medical director's job description were included in this section and the complete job description listed in Attachment 32.

- (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**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it provides all of the services listed above and will continue to do so following the proposed expansion of its CMR bed capacity.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that care the rehabilitation setting will be delivered by a multi-disciplined team and expects these persons will be on staff at Palmetto General Hospital. The applicant maintains that, as part of the Tenet Rehab Network, Palmetto General Hospital will have access to a pool of qualified nursing and allied health professionals to

provide staffing as well as training. Offered services will include rehabilitation nursing, physical therapy, occupational therapy, speech therapy, social therapy. In addition psychological and orthotic/prosthetic services will offered through coordination with Palmetto General Hospital via contractual relationships with independent parties. The applicant states that Tenet Rehab Network has several providers for which it has relationships and facilitates these services as needed by patients.

(5) Criteria for Determination of Need:

- (a) Bed Need. A favorable need determination for proposed new or expanded comprehensive medical rehabilitation in patient services shall not normally be made unless a bed need exists according to the numeric need methodology in paragraph (5)(c) of this rule.**

As stated earlier, 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 11 for the January 2009 planning horizon.

As previously discussed, both applicants contend not-normal circumstances exist which demonstrates need for additional CMR beds in District 11. However, neither applicant demonstrated special or not-normal need for additional CMR beds.

- (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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that CMR inpatient services are available within two hours of average travel conditions for all of District 11 and there will be no change in CMR access as a result of this project.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that all CMR services in Dade County are within two hours drive time of the majority of Dade County population. However, there are portions of the district in Monroe County that are not within two hours of a licensed facility. Occupancy at the existing facilities remains high, while the hospitals in District 11 may be within two hours driving, an available bed may not be. However, overall occupancy in the district is not high and the applicant has indicated that it does not seek to serve Monroe County

residents. While it would be entirely appropriate for the applicant to serve this Monroe County population, because of its physical location, it is less likely that patients from Monroe County would seek services or be referred to Palmetto General Hospital when there are facilities closer that are not heavily utilized. For example Jackson Memorial with 80 CMR beds had an average CMR utilization in year ending June 2003 of 48.85 percent. It is physically closer to Monroe County and utilization indicates beds are available.

(7) Quality of Care:

- (a) 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 submit an application that is consistent with the agency licensure standards are deemed to be in compliance with this provision.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it is compliant with the Agency standards as per Section 59A-3, Florida Administrative Code and will continue to be compliant with these standards following the expansion of CMR beds in this application.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General Hospital is Joint Commission on Accreditation of Healthcare Organization (JCAHO) accredited. It is in compliance with Agency standards for hospital licensure and commits to comply with the Agency standards for CMR licensure. The applicant described Palmetto General Hospital's performance improvement plan and included it with the application.

(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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that its CMR unit will continue to provide care to patients 18 years of age and older.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that, based on Palmetto General Hospital's own internal evaluation, it expects 79 percent of its patients to be elderly, with a great portion of the remainder being between the ages of 55 and 65 and some percent between the ages of 25 and 44 years of age. The applicant contends that this is consistent with the other four Tenet Rehab Network hospitals in south Florida. (However, no data was provided to support this prediction).

(b) Specialty inpatient rehabilitation services to be provided.

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it provides services to assist patients with the following conditions: spinal cord injury, brain injury, stroke, debility, functional decline, gait disorder, arthritis, multiple trauma, amputation, myopathy, multiple sclerosis, cerebral palsy, Parkinson's disease, and other neurological disorders. It will continue serve patients with these conditions following the bed expansion proposed in this application.

Lifemark Hospitals of Florida, Inc. (CON #9775) will seek accreditation by CARF with its interdisciplinary team approach. The applicant listed the qualifying diagnosis's for its proposed CMR unit as follows: amputation, brain injury, complex orthopedic injuries, congenital deformities, fractured hip repair, guillain barre, multiple sclerosis, multiple trauma, muscular dystrophy, neurological disorder, Parkinson's disease, polyarthritis including rheumatoid arthritis, pulmonary diseases, spinal cord injuries, stroke and total joint replacements.

(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.

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that David Lipkin, M.D. is the current medical director for the CMR unit and will continue to serve in this capacity following completion of the proposed project. Pro formas show that the applicant expects to add 22.7 FTEs in year two for this 22-bed addition. Proposed staff consist entirely of nursing and ancillary FTEs.

Lifemark Hospitals of Florida, Inc. (CON #9775) referenced the required staffing and services portion of this report and reiterates

that it will recruit a qualified medical director. The director of rehabilitation will coordinate with the nursing directors and program medical director to maintain program philosophy and goals and objectives, which are consistent with the missions and objectives of Palmetto General Hospital. Key personnel job descriptions were provided in supporting documentation.

Schedule 6A indicates that in year one the applicant will employ 20.8 FTEs for this project. This is expected to increase to 29.6 FTEs in year two, all physician, nursing or ancillary personnel.

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

Mount Sinai Medical Center of Florida, Inc. (CON #9774)

projects that it will require 22.7 additional FTEs to accommodate this project (including three FTE registered nurses) as it will share many members that already staff the existing program. The applicant discussed its recruitment plan. This is expected to remain the same in year two. The applicant discussed its recruitment plan and listed activities it employs.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General Hospital will recruit the required staff for the CMR program from its current pool of staff, the Tenet Rehab Network and its traditional methods of staff recruitment. The applicant listed traditional methods including Internet, journal and newspaper advertising. Palmetto General Hospital is a member of the South Florida Hospital and Healthcare Association (SFHHA) that has a national campaign for recruit health care professionals. The applicant included Palmetto General Hospital's benefit plan in its supporting documentation.

(e) Expected sources of patient referrals.

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it expects referrals to come from its own facilities as well as other area hospitals and health care providers.

Lifemark Hospitals of Florida, Inc. (CON #9775) anticipates that 90-95 percent of its admissions to the CMR unit will be transfers from acute care hospitals. The applicant states that the referring hospitals are expected to be Palmetto General Hospital, Hialeah Hospital and Palm Springs General Hospital.

(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.

Mount Sinai Medical Center of Florida, Inc. (CON #9774) referenced Schedule 7A for information regarding information on payor mix and patient type projected for the next two years of operation. The payor mix is listed as follows: 57 percent Medicare, 6.9 percent Medicaid, 17 percent managed care and three percent for self-pay/charity/other.

Lifemark Hospitals of Florida, Inc. (CON #9775) provided the following table to illustrate its projected patient days by payor type.

Projected Patient Days by Payor		
Payor Source	Year One	Year Two
Medicare	3,271	4,337
Medicaid	269	357
Managed Care	455	604
Self-Pay/Charity/Other-	145	192
Total	4,140	5,490

Source: CON #9775 Application, page 88.

The table above lists the applicant’s projected patient days by payor type which, according to Schedule 7A, reflects 79 percent Medicare, 6.5 percent Medicaid, 11 percent managed care and 3.5 percent for self-pay/charity/other for years one and two of the project.

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

Mount Sinai Medical Center of Florida, Inc. (CON #9774) referenced its admission policy to charity care patients. The policy lists the criterion for eligibility and the procedures for patients who need charity/uncompensated care, have catastrophic circumstances, and Medicaid patients or patients with documentation that a third party has been denied or exhausted

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General Hospital does not discriminate against any person and treats all patients regardless of their ability to pay, should they meet clinical admission requirements.

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

This criterion applies to CON #9774, MCMSF only as Palmetto General Hospital is not an existing CMR provider.

- (a) Number of CMR inpatient service 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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774): Refer to the chart in E. 1. b. above.

- (b) Number of comprehensive medical rehabilitation inpatient services patients 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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) provided the following table to illustrate its mix of patient days for CY 2003 rather than the period specified above, which is the 12-month period ending June 2003.

Patient Days by Payor Mix for CY2003		
Payor	Patient Days	% of Total
Medicare	15,413	82.8%
Medicaid	491	2.6%
Commercial	220	11.8%
Self Pay/Other	338	1.8%
Charity	174	.9%
Total	18,617	100%

Source: CON #9774 Application, page 72.

- (c) Gross revenue by payor 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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) provided the following table to illustrate its mix of gross revenue in CY 2003.

Payor Mix of Gross Revenue CY 2003		
Payor	Gross Revenue	% of Total
Medicare	\$ 6,451,616	78.1%
Medicaid	\$ 1,819,285	3.9%
Commercial	\$ 7,232,133	15.4%
Self Pay/Other	\$ 1,192,243	2.6%
Total	\$46,695,277	100

Source: CON#9774 Application, page 73.

Again, this is not the period specified above, which is the 12-month period ending June 2003.

(d) Current Staffing.

Mount Sinai Medical Center of Florida, Inc. (CON #9774) references Schedule 6A which states the current and projected staffing of its CMR beds, which includes total 105 FTEs and expected addition of 22.7 FTE s for the additional 22 beds proposed in this application.

(e) Current specialty inpatient CMR services.

Mount Sinai Medical Center of Florida, Inc. (CON #9774) listed the same services provided the same information as listed in 8(b) above.

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

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it submits its utilization reports consistent with the required standards and will continue to do so following its proposed expansion of CMR bed capacity.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General Hospital participates in the data collection activities of AHCA and the local health council in accordance with Chapter 408 of the Florida Statutes. Upon approval and implementation of this project the applicant will provide data as required.

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.**

CMR Utilization Rates for District 11 July 2002–June 2003	
Baptist Hospital of Miami	77.43%
Jackson Memorial Hospital	48.85%
Mount Sinai Medical Center	81.04%
Parkway Regional Medical Center	82.51%
South Miami Hospital	70.83%
Mercy Hospital	85.96%
HealthSouth Rehabilitation Hospital	103.16%
St. Catherine’s Rehabilitation Hospital	43.65%
Meadowbrook Rehab Hospital of West Gables	86.88%
District 11	71.01%

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

Utilization reported to the agency for the period July 2002 though June 2003 indicates that the average occupancy in CMR beds in District 11 was 71.01 percent. As previously discussed, comprehensive rehabilitation is defined in section 408.032 (1) (17), Florida Statutes as a tertiary care service. The service area for this service is the district, which consists of Dade and Monroe Counties.

Mount Sinai Medical Center of Florida, Inc. (CON #9774) has shown that it is currently internally experiencing access issues to its own CMR beds that will likely be resolved once all CON approved CMR beds are moved to its MSMC & MHI campus. It has noted expected changes in occupancy that may or may not occur based on Medicare reimbursement policy changes. It anticipates market share expansion but contends this will not impact existing providers. However, as St. Catherine’s opposition letter points out, existing providers have underutilized units and expansion at MSMC & MHI is likely to negatively impact existing underutilized facilities. The applicant appears to have applied prematurely and based its application on highly speculative data. Need for an additional 22 CMR beds at MSMC & MHI was not demonstrated.

CON Action Number: 9774-9775

Although it might appear that quality of care in the district will improve if this applicant is approved, cases cited by the applicant were the result of lack of available CMR bed at its facility and its internal policies. Again, it appears from statements made by the applicant, that fully implementing a previously approved CON will solve those issues assuming the applicant continues to be sensitive to gender placement issues or revises its own policies and transfers patients needing CMR care to hospitals with available beds.

Need for the project is not 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.

Lifemark Hospitals of Florida, Inc. (CON #9775) referenced its discussion of "not normal" circumstance" and described the utilization rates described earlier in this report

According to the applicant, there are no beds in the Hialeah area and its residents must travel to eastern, central or southern Dade County for comprehensive rehab care following discharge from an acute care hospital, or go without services. The applicant contends that there is a variation between the actual utilization of CMR services and estimated need for residents in the Palmetto primary service area due to the absence of a local CMR program. The applicant offers that 1,600 people living in its primary service area are projected to need CMR services, but only 48 percent of are receiving this care, with 800 residents annually who are appropriate for CMR care receive care in sub-optimal settings or are not receiving rehabilitation care at all. However, the applicant's primary service area mimics that of recently approved St. Catherine's Rehabilitation hospital, which would place 40 beds in this area.

The applicant states it can meet the cultural needs of the Hispanic patient population in Hialeah. Its staff is 70+ Hispanic and the food service department offers a traditional Latin cuisine. The applicant contends that when its patients are transferred to another facility for CMR services that it breaks the continuity between the patients and the hospital and between the patients and their physicians. However, as noted earlier, St. Catherine's proposed to serve this population, with support of the applicant. Additionally, as noted above, CMR is a tertiary care service and the district is the planning area. As such, it is not appropriate for CMR units to be placed in all acute care facilities to serve each facility's primary patient population.

Need for the project is not 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.

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

Mount Sinai Medical Center of Florida, Inc. (CON #9774) has a history of providing quality care as demonstrated by the award of accreditation from both JCAHO and CARF. The applicant states that it has also been awarded the Best Rehabilitation Services Award in 2001 by the South Florida Business Journal, the Magnet Nursing Recognition award in 2001, was chosen by the residents of Dade County as one number one in for outstanding customer service after receiving the highest customer satisfaction ratings in a 2001 Miami-Dade Customer Opinion Award, and for the third consecutive year the applicant was selected as one of the nation's top cardiovascular hospitals in the Solucient 100 Top Hospitals: Benchmark for Success Study. The applicant included its performance improvement plan to measure patient care in order to improve quality.

The program is compared to other rehabilitation programs using the uniform data system for its CMR unit for a functional independence measure (FIM) in order to measure effectiveness and efficiency of the CMR unit. The applicant described four of its achievements for CY 2003 as: its patients were seven years older when compared to the region while the average length of stay was lower than the benchmark most of its patients were discharged to the home setting, 93 percent of its patients would recommend the program to family and friends, its average FIM score was 5.2 (average FIM follow-up score was six) illustrating that the majority of patients sustained gains and reported function improvement.

According to AHCA data, the applicant had 31 confirmed complaints (four without deficiencies) during the past three years. The number of confirmed complaints for each category were as follows: 11 related to billing/refunds, two related to medical services, two related to patients rights and one each for administration, medicine problems/errors/formulary, nursing service, lack of assessment, rodents/insects, Baker Act, restraints.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General Hospital has a history of providing quality care as demonstrated by the award of JCAHO accreditation. Palmetto General Hospital uses a performance improvement plan to evaluate and improve all services within the medical center. The applicant states that Palmetto General Hospital hires qualified staff and provides ongoing training/education and staff development to maintain and improve competencies and will implement the same in this CMR unit.

According to AHCA data, Palmetto General Hospital had 21 confirmed complaints (three without deficiencies) during the past three years. The number of confirmed complaints for each category were as follows: nine related to billing/refunds, four related to COBRA/ER access and one each for physical plant, use of unlicensed/uncertified beds, patients rights, patient abuse/neglect, patient 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 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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it is the largest not-for-profit teaching hospital in Florida and is one of only six statutorily teaching hospitals in the state, training more than 160 residents and fellows in 22 specialty programs. The applicant listed its independent postgraduate teaching programs and the programs it offers through its affiliation with the University of Miami School of Medicine/Jackson Memorial Hospital as well as what programs it offers for students through its affiliation with eight local clinical colleges and universities and four out-of state colleges and universities. In 2003 the applicant had two interns in speech language pathology, 12 interns in the physical therapy program and six interns in the occupational therapy program.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General Hospital is an affiliate of Nova Southwestern University of the Health Services and an American Osteopathic Association approved traditional Family Practice Residency Program. Current enrollment in the family practice program involves a combined total of 40 interns and residents. There are also six podiatry residents in training.

The primary purpose of the CMR unit at Palmetto General Hospital is not research or physician education. However, the applicant indicates that Palmetto General Hospital provides medical students with associated learning benefits and offers in-service training to its staff.

- 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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that its recruitment plan includes such activities as: weekly open houses, regular advertising in local newspapers and nursing magazines, a student program that offers seminars and recruitment presentation prior to finishing their clinical internships, foreign recruitment with Canada and the Philippines, and sign-on bonuses. Specifically to address the shortage of nursing personnel, the applicant has implemented initiatives including: recruitment in nursing schools, to students completing clinical rotations, mailings to professional publications, website recruitments, and relocation assistance.

Retention activities include continuing education and employee recognition, scholarship awards, tuition reimbursement, and retention bonuses.

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

Mount Sinai Medical Center of Florida, Inc.

	12/31/2003	12/31/2002
Current Assets	\$ 123,525,000	\$ 109,333,000
Cash and Current Investment	\$ 53,495,000	\$ 39,562,000
Assets Restricted for Capital Projects	\$ -	\$ -
Total Assets	\$ 464,193,000	\$ 450,125,000
Current Liabilities	\$ 130,737,000	\$ 64,580,000
Total Liabilities	\$ 372,026,000	\$ 365,554,000
Net Assets	\$ 92,167,000	\$ 84,571,000
Total Revenues	\$ 437,450,000	\$ 453,453,000
Interest Expense	\$ 19,753,000	\$ 19,077,000
Excess of Revenues over Expenses	\$ (10,120,000)	\$ (8,488,000)
Cash Flow from Operations	\$ 20,375,000	\$ 12,675,000
Working Capital	\$ (7,212,000)	\$ 44,753,000
Current Ratio (CA/CL)	0.9	1.7
Cash Flow to Current Liabilities (CFO/CL)	0.2	0.2
Long-Term Debt to Net Assets (TL-CL/NA)	2.6	3.6
Times Interest Earned (NPO+Int/Int)	0.5	0.6
Net Assets to Total Assets (TE/TA)	19.9%	18.8%
Total Margin (ER/TR)	-2.3%	-1.9%
Return on Assets (ER/TA)	-2.2%	-1.9%
Operating Cash Flow to Assets (CFO/TA)	4.4%	2.8%

Short-term position:

The applicant's current ratio of 0.9 indicates current assets are slightly less than current liabilities, a weak position. The ratio of cash flow to current liabilities of 0.2 is below average. The working capital (current assets less current liabilities) of a negative \$7.2 million indicates that current assets are not sufficient to cover current liabilities. Current assets include \$37.8 million in temporary investments. The notes to the audit indicate that the applicant is anticipating refinancing \$70 million of current liabilities on a long-term basis. If the applicant were able to refinance this debt to a long-term liability, the applicant's short-term position would be materially improved. In the event the applicant is not able to refinance the debt, Mount Sinai Medical Center Foundation, Inc. (Foundation) has pledged that it will provide funds to settle the \$70 million debt. The Foundation is an interrelated organization that provides funding to the applicant for capital and other needs. Pursuant to SFAS No. 136, the audited financials of the applicant indicate the applicant's beneficial interest in the net assets of the Foundation is \$92 million. The applicant's current short-term position is not sufficient to cover current obligations without impacting the applicant's long-term position (refinancing) or reducing the applicant's access to capital funds

(drawing on the Foundation). Therefore, the applicant has a weak short-term position.

Long-term position:

The long-term debt to equity ratio of 2.6 indicates long-term debt is greater than equity. This is well above average and a weak position. The cash flow to assets ratio of 4.4 percent is below average and a moderately weak position. The most recent year had a loss of \$10.1 million, which resulted in a total margin of -2.3 percent. According to the notes to the financial statements, in 2002, the applicant implemented a turnaround initiative in response to going concern issues. The turnaround initiative is described as a multifaceted plan that is designed to address improvements in expense and revenue cycles. Although the level of success of the turnaround initiative is unknown, the initiative in conjunction with the support of the foundation should provide enough liquidity to continue as a going concern. Overall, the applicant has a weak long-term position.

Capital requirements:

Schedule 2 indicates the applicant has \$12.2 million in capital projects. Schedule 2 did not include maturities of long-term debt. The audited financial statements show long-term debt of \$100 million coming due through 2005 and a working capital deficit of \$7 million, which brings the total capital needs to \$119.2 million.

Available capital:

Schedule 2 indicates funding for these projects will come from operations. Cash flows for the most recent year were \$20 million. As indicated above, working capital is negative and therefore cannot be used for funding. In addition, the notes to the financial statements indicate that \$20.6 million in limited use assets are held to fund capital projects; however, the board has the discretion to use these funds for other capital needs. The notes to the financial statements also indicate that \$17.7 million of the limited use assets is to fund outstanding debt.

CON Action Number: 9774-9775

As shown in the table above, the applicant incurred losses of \$10.1 million and \$8.5 million in 2003 and 2002 respectively. During 2002, the applicant received \$30 million from the foundation to fund working capital. As discussed above, the net assets of the foundation have been included in the financial statements. The total net assets of the foundation are \$92 million.

Conclusion:

Although the short-term and long-term financial ratio analysis is weak, it appears that the applicant will have access to sufficient funding to cover its debt obligation and fund capital projects through December 31, 2005. Based on the above, the applicant will likely have adequate funding to meet its capital needs.

Lifemark Hospitals of Florida, Inc. (CON #9775): states that it has plans to staff this project from its current pool of staff, the Tenet Rehab Network. Its recruitment methods include advertising using direct mail, the Internet, journals, internal venues, professional association postings and job fairs. It also offers sign on bonuses, referral bonuses, and tuition reimbursement. The applicant is a member of the South Florida Hospital Healthcare Association that has developed a national recruitment campaign. The applicant also has affiliation agreements with various schools for student training and recruitment.

Retention activities include recognition and awards, community and employee activities, benefits (including coverage for various types of insurance). In addition, it offers a clinical loan program that pays employees while working for education incentives.

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

Lifemark Hospitals of Florida, Inc.

	<u>5/31/2003</u>	<u>5/31/2002</u>
Current Assets	\$ 63,385,001	\$ 67,086,764
Cash and Current Investment	\$ -	\$ 1,114,305
Assets Restricted for Capital Projects	\$ -	\$ -
Total Assets	\$ 271,312,989	\$ 271,477,853
Current Liabilities	\$ 16,655,623	\$ 13,996,046
Total Liabilities	\$ 26,316,012	\$ 49,576,346
Net Assets	\$ 244,996,977	\$ 221,901,507
Total Revenues	\$ 222,501,937	\$ 214,014,786
Interest Expense	\$ -	\$ -
Excess of Revenues over Expenses	\$ 21,495,470	\$ 25,892,886
Cash Flow from Operations	\$ 35,603,717	\$ 27,085,946
Working Capital	\$ 46,729,378	\$ 53,090,718
Current Ratio (CA/CL)	3.8	4.8
Cash Flow to Current Liabilities (CFO/CL)	2.1	1.9
Long-Term Debt to Net Assets (TL-CL/NA)	0.0	0.2
Net Assets to Total Assets (TE/TA)	90.3%	81.7%
Total Margin (ER/TR)	9.7%	12.1%
Return on Assets (ER/TA)	7.9%	9.5%
Operating Cash Flow to Assets (CFO/TA)	13.1%	10.0%

The applicant is a wholly-owned subsidiary of Tenet Health System Medical, Inc. that is an indirect wholly-owned subsidiary of Tenet Healthcare Corporation (parent). The applicant's cash receipts are routinely transferred into a bank account of the parent, as a result, no cash balance is shown on the applicant's books for the year ending May 31, 2003. The parent is a publicly traded corporation. The applicant submitted the parent's Form 10-K for the year ending December 31, 2003. The 10-K report showed cash and equivalents of \$619 million, total assets of \$12.3 billion and equity of \$4.4 billion. The parent reported earnings from operations of a negative 1.6 billion on net revenues of \$13.2 billion, with total operating expenses of \$14.8 billion. Cash flows from operations totaled \$838 million.

Both the audit of the applicant and the 10-K report of the parent indicate that a large 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 3.8 indicates current assets are approximately four times current liabilities, a good position. The ratio of cash flow to current liabilities of 2.1 indicates the applicant has sufficient cash flow to cover current obligations. The working capital (current assets less current liabilities) of \$46 million is a measure of excess liquidity that could be used to fund capital projects. Overall, the applicant has a good short-term position.

Long-term position:

The long-term debt to equity ratio of four percent indicates long-term debt is significantly less than equity, a good position. The cash flow to assets ratio of 13.1 percent is above average, a good position. The most recent year had a gain of \$21.5 million, which resulted in a total margin of 9.7 percent. Overall, the applicant has a good long-term position.

Capital requirements:

Schedule 2 indicates the applicant has \$47.7 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 parent company financing. 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.

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 9. 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.

Mount Sinai Medical Center of Florida, Inc. (CON #9774): Net revenue per adjusted patient day (NRAPD) of \$1,611 in year one and \$1,648 in year two are between the control group highest and median values of \$1,644 and \$1,396 in year one and \$1,698 and \$1,442 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 \$1,224. The difference in the NRAPD reported in 2002 and the projected NRAPD of \$1,648 results in an average annual increase of approximately 6.9 percent. This level of increase may not be sustainable over the entire five-year projection period, particularly since the projected NRAPD approaches the practical upper limit on economies of operation. Therefore, revenues may be overstated.

Projected cost per adjusted patient day (CAPD) of \$1,375 in year one and \$1,382 in year two are between the group median and lowest values of \$1,391 and \$1,268 in year one and \$1,437 and \$1,309 in year two. The CAPD approximate the median and balance the opposing forces of efficiency and feasibility. (See Comparative Table). The applicant's CAPD in calendar year 2002 was reported as \$958. The difference in the CAPD reported in 2002 and the projected CAPD of \$1,382 results in an average annual increase of approximately 8.9 percent. This level of increase is well in excess of the CMS market basket index. However, the projected CAPD include cost associated with a new open heart surgery program (CON #9394), which were not reflected in the historic data. The inclusion of the high cost associated with the open heart surgery

program likely accounts for some of the 8.9 percent increase in the historic CAPD of the applicant.

Project net revenue of \$15,051 per discharge in year two is slightly above the average discharge payment rate of approximately \$12,000 when adjusted for inflation (\$14,390). This difference is not considered material.

The year two operating profit for the hospital of \$41.2 million computes to an operating margin per adjusted patient day of \$265 which is above the peer group highest of \$99. The projected operating margin is 16.1 percent, which is consistent with the applicant's historic operating margin. However, a margin of this level may not be sustainable in a competitive market, considering the group's margin is significantly lower than the applicant. As indicated above, the applicant's projected NRAPD approaches the practical upper limit of economies of operations and the projected CAPD approaches an efficient and feasible level in the group. Considering these factors, it is likely that the applicant will have to reduce its NRAPD in the future to remain competitive, which in turn would reduce the margin. Therefore, the projected profit level of \$41.2 million is not likely to be realized. This project is estimated to add approximately \$1.3 million to net profit from operations in year two.

With the noted exceptions above, overall the projections appear to be reasonable when compared to the control group. Therefore, this project is likely to be financially feasible.

CON Action Number: 9774-9775

COMPARATIVE TABLE					
CON # 9774 Mount Sinai Medical Center of Florida, Inc. 2002 DATA Peer Group 8	2007	YEAR 2	VALUES ADJUSTED		
	YEAR 2	ACTIVITY	FOR INFLATION		
	ACTIVITY	PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	269,063,421	1,269	1,224	867	705
INPATIENT AMBULATORY	63,003,813	297	369	82	53
INPATIENT ANCILLARY SERVICES	809,092,502	3,816	5,819	2,945	2,525
OUTPATIENT SERVICES	214,143,763	1,010	2,576	1,545	1,055
OTHER OPERATING REVENUE	19,095,926	90	85	48	20
TOTAL REVENUE	1,374,399,425	6,483	8,417	5,545	4,413
DEDUCTIONS FROM REVENUE	882,253,542	4,161	*	*	*
NET REVENUES	492,145,883	2,321	2,538	2,015	1,794
EXPENSES					
ROUTINE	59,129,565	279	592	328	308
ANCILLARY	123,598,363	583	816	720	611
AMBULATORY	6,362,735				
OVERHEAD	292,835,784	1,381	1,189	885	803
OTHER	5,218,707	25			
TOTAL EXPENSES	487,145,154	2,298	2,488	2,151	1,826
OPERATING INCOME	5,000,729	24	238	0	-396
		1.0%			
PATIENT DAYS	176,034		VALUES NOT ADJUSTED		
ADJUSTED PATIENT DAYS	212,013		FOR INFLATION		
TOTAL BED DAYS AVAILABLE	341,275				
ADJ. FACTOR	0.8303				
TOTAL NUMBER OF BEDS	935				
PERCENT OCCUPANCY	51.6%		66.3%	60.8%	47.9%
PAYER TYPE	PATIENT DAYS	% TOTAL			
MEDICARE	101,790	57.8%	57.2%	32.1%	14.4%
COMMERCIAL	3,408	1.9%			
MEDICAID	12,130	6.9%	24.7%	19.3%	5.8%
PRIVATE	5,214	3.0%			
HMO/PPO	52,981	30.1%	39.6%	29.3%	19.8%
OTHER	511	0.3%			
TOTAL	176,034	100.0%			

Lifemark Hospitals of Florida, Inc. (CON #9775): Net revenue per adjusted patient day (NRAPD) of \$1,611 in year one and \$1,648 in year two are between the control group highest and median values of \$1,644 and \$1,396 in year one and \$1,698 and \$1,442 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 \$1,224. The difference in the NRAPD reported in 2002 and the projected NRAPD of \$1,648 results in an average annual increase of approximately 6.9 percent. This level of increase may not be sustainable over the entire five-year projection period, particularly since the projected NRAPD approaches the practical upper limit on economies of operation. Therefore, revenues may be overstated.

Projected cost per adjusted patient day (CAPD) of \$1,375 in year one and \$1,382 in year two are between the group median and lowest values of \$1,391 and \$1,268 in year one and \$1,437 and \$1,309 in year two. The CAPD approximate the median and balance the opposing forces of efficiency and feasibility. (See Comparative Table). The applicant's CAPD in calendar year 2002 was reported as \$958. The difference in the CAPD reported in 2002 and the projected CAPD of \$1,382 results in an average annual increase of approximately 8.9 percent. This level of increase is well in excess of the CMS market basket index. However, the projected CAPD include cost associated with a new open-heart surgery program (CON #9394), which were not reflected in the historic data. The inclusion of the high cost associated with the open heart surgery program likely accounts for some of the 8.9 percent increase in the historic CAPD of the applicant.

Project net revenue of \$15,051 per discharge in year two is slightly above the average discharge payment rate of approximately \$12,000 when adjusted for inflation (\$14,390). This difference is not considered material.

The year two operating profit for the hospital of \$41.2 million computes to an operating margin per adjusted patient day of \$265 which is above the peer group highest of \$99. The projected operating margin is 16.1 percent, which is consistent with the applicant's historic operating margin. However, a margin of this level may not be sustainable in a competitive market, considering the group's margin is significantly lower than the applicant. As indicated above, the applicant's projected NRAPD approaches the practical upper limit of economies of operations and the projected CAPD approaches an efficient and feasible level in the group. Considering these factors, it is likely that the applicant will have to reduce its NRAPD in the future to remain competitive, which in turn would reduce the margin. Therefore, the projected profit level of \$41.2 million is not likely to be realized. This project is estimated to add

CON Action Number: 9774-9775

approximately \$1.3 million to net profit from operations in year two. With the noted exceptions above, overall the projections appear to be reasonable when compared to the control group. Therefore, this project is likely to be financially feasible.

COMPARATIVE TABLE					
CON # 9775 Lifemark Hospitals of Florida, Inc. 2002 DATA Peer Group 9	2007	YEAR 2	VALUES ADJUSTED		
	YEAR 2	ACTIVITY	FOR INFLATION		
	ACTIVITY	PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	717,413,994	4,617	763	669	398
INPATIENT AMBULATORY	0	0	243	104	48
INPATIENT ANCILLARY SERVICES	0	0	2,505	1,940	1,845
OUTPATIENT SERVICES	398,814,948	2,567	1,532	1,493	1,318
OTHER OPERATING REVENUE	2,562,120	16	42	23	18
TOTAL REVENUE	1,118,791,062	7,201	4,694	4,325	3,945
DEDUCTIONS FROM REVENUE	862,795,483	5,553	*	*	*
NET REVENUES	255,995,579	1,648	1,698	1,442	1,394
EXPENSES					
ROUTINE	60,348,471	388	294	241	195
ANCILLARY	39,332,891	253	613	530	435
AMBULATORY	2,087,922				
OVERHEAD	113,007,976	727	732	614	562
OTHER	0	0			
TOTAL EXPENSES	214,777,260	1,382	1,718	1,437	1,309
OPERATING INCOME	41,218,319	265	99	-17	-54
		16.1%			
PATIENT DAYS	99,629		VALUES NOT ADJUSTED		
ADJUSTED PATIENT DAYS	155,369		FOR INFLATION		
TOTAL BED DAYS AVAILABLE	131,400				
ADJ. FACTOR	0.6412				
TOTAL NUMBER OF BEDS	360				
PERCENT OCCUPANCY	75.8%		74.4%	50.1%	44.7%
PAYER TYPE	PATIENT DAYS	% TOTAL			
MEDICARE	34,458	34.6%	50.4%	36.3%	34.3%
COMMERCIAL	0	0.0%			
MEDICAID	19,665	19.7%	14.8%	9.8%	5.6%
PRIVATE	9,010	9.0%			
HMO/PPO	36,496	36.6%	34.3%	27.0%	11.0%
OTHER	0	0.0%			
TOTAL	99,629	100.0%			

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

Mount Sinai Medical Center of Florida, Inc. (CON #9774) projects managed care to represent 30.1 percent of its patient days. This is virtually identical to the group median of 29.3 percent. However, this level of care represents the hospital as a whole and not the individual project. Because of the relatively small size of the project, increased competition is not likely to be realized.

District 11 CMR Projects		
	Mount Sinai Medical Center of Florida, Inc.	Lifemark Hospitals of Florida, Inc.
CON Number	9774	9775
Net Revenue per adjusted patient day	\$ 797	\$1,038
Cost per adjusted patient day	\$ 569	\$ 655
Operating profit per patient day	\$ 228	\$ 383
Estimated Managed Care level	11.5%	11.0%
Estimated Medicaid level	3.6%	6.5%

Lifemark Hospitals of Florida, Inc. (CON #9775) projects managed care to represent 36.6 percent of its patient days. This is above the group highest of 34.3 percent. However, this level of care represents the hospital as a whole and not the individual project. Because of the relatively small size of the project, increased competition is not likely to be realized.

District 11 CMR Projects		
	Mount Sinai Medical Center of Florida, Inc.	Lifemark Hospitals of Florida, Inc.
CON Number	9774	9775
Net Revenue per adjusted patient day	\$ 797	\$1,038
Cost per adjusted patient day	\$ 569	\$ 655
Operating profit per patient day	\$ 228	\$ 383
Estimated Managed Care level	11.5%	11.0%
Estimated Medicaid level	3.6%	6.5%

- 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.**

Mount Sinai Medical Center of Florida, Inc. (CON #9774) proposes to convert 11 semi-private Medical Surgical Rooms to 11 semi-private CMR room on the sixth floor of the Miami Heart Institute. The existing toilet rooms for these patients will be upgraded to meet accessibility codes as required for rehabilitation patient rooms. This is basically a project of limited scope and the most costly process will be upgrading the toilet rooms and the addition of a central bathing space for the use of those patients who do not have a shower in their room.

There are other ancillary spaces that are existing on the same floor and will be used by the new licensed beds. Also, some support spaces such as therapy, family waiting and consultation rooms will be located on the sixth floor. This does not present a problem.

There is a list of applicable building codes, and it is essentially correct and the project schedule appears reasonable for the scope of the work. The plan is functional and well organized with no obvious shortcomings from an architectural standpoint.

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.

Lifemark Hospitals of Florida, Inc. (CON #9775) proposes to convert 10 semi-private existing medical/surgical patient rooms to semi-private rehabilitation rooms. The demolition plan shows that all 10 patient toilet rooms are going to be totally re-built. The existing showers are being removed in order to gain space for handicapped accessible toilet rooms. A hand washing sink is also being introduced inside each toilet rooms where previously there had been none. Existing hand washing sinks in the patient room will remain. Two new showers are being built that will accommodate patients in a wheelchair.

One of the patient rooms is labeled "Isolation " and bed 19 and its cubicle curtain are shown. Bed 20 is also indicated to be in this room even though neither the bed nor the curtain track is shown. An isolation

room can only house one patient, and based on the narrative, Page 102 of Schedule B, there will be 20 beds in the unit. Evidently the designation “Isolation” is incorrect and the patient room will be semi-private. This will need to be clarified if and when the project is submitted to the AHCA Office of Plans and Construction.

The other required ancillary spaces are located in the same wing for use by the new CMR unit. This is basically a project of limited scope and the most costly process will be upgrading the toilet rooms and the addition of the central bathing space for use by all 20 patients.

There is a list of applicable building codes, and it is essentially correct and the project schedule appears reasonable for the scope of the work. The plan is functional and well organized with no obvious shortcomings from an architectural standpoint.

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.**

Comparison Between MSMC, PGH and District 11 Providers of Indigent Care CY 2002		
	Charity Care	Medicaid Days
Mount Sinai Medical Center	0.2%	6.3%
Palmetto General Hospital	1%	22.5%
District 11	4.9%	17.7%

Source: CY 2002 AHCA data

Mount Sinai Medical Center of Florida, Inc. (CON #9774) states that it has a condition on its current CMR beds for 1.6 percent of patient days to Medicaid and 0.66 percent of patient days to charity care. (Per CON #6814, originally issued on September 9, 1992, for 20 of the total 60 CMR beds with a condition of five percent of total patient days to Medicaid patients and two percent to indigent patients. On November 10, 1994 the agency determined that that the applicant could report on all 60 of its CMR beds for a condition of 1.6 percent patient days to

CON Action Number: 9774-9775

Medicaid patients and 0.66 percent of patient days to indigent patients.) The applicant states that it provided 2.6 percent of its CMR patient days to Medicaid patients and 0.9 percent to medically indigent patients and expects to continue this with the approval of this project. AHCA data for CY 2002 indicates that MSMCF provided 6.3 percent of its patient days to Medicaid patients and 0.2 percent to charity patient days.

The applicant conditions this application with 2.26 percent of CMR patient days to charity and Medicaid patient days combined. According to Schedule 7A, the applicant projects (with the addition of 22 rehabilitation beds) that 6.9 percent of total patients days will be provided to Medicaid patients and that three percent will go be provided to charity care patient in each of the first two years of operation.

Lifemark Hospitals of Florida, Inc. (CON #9775) states that Palmetto General Hospital provides health care services to those who meet admission criteria/clinical guidelines regardless of factors relating to the ability to pay, race, age, sex, creed, ethnic background or diagnosis. According to the applicant, Palmetto General Hospital's charity write-off exceeded \$13 million during the past two fiscal years.

The applicant, to illustrate its payor mix, provided the following table.

Percent of Total Admissions by Payor at Palmetto General Hospital			
Payor	2001	2002	2003*
Medicaid	21.3%	23.4%	24.9%
Medicare	33.4%	33%	32.5%
Self Pay/Underinsured	4.8%	4.9%	5.3%
HMO/PPO	28.6%	31.6%	33.3%
All Other	11.9%	7.1%	4%
Total	100%	100%	100%

Source: CON #9775 Application, page 104, AHCA data base information.

*2003 is 12 months ending September 30 as reported by the applicant.

The above table demonstrates that, according to the applicant, rate for self-pay/underinsured and Medicaid had increased in the past two years. AHCA financial data indicates that Palmetto General Hospital provided 22.5 percent of its patient days to Medicaid in CY 2002.

The applicant conditions this application with seven percent of CMR patient days to charity and Medicaid patient days combined. According to Schedule 7A, the applicant projects (with the addition of 20 rehabilitation beds) that 19.95 percent of total patients days will be provided to Medicaid patients and that 9.13 percent will go be provided to charity care patient in each of the first two years of operation.

F. SUMMARY

Mount Sinai Medical Center of Florida, Inc. (CON #9774) proposes to add 22 comprehensive medical rehabilitation unit (CMR) through the conversion of 22 acute care beds to its existing and CON approved 60-bed CMR unit. MSMCF owns Mount Sinai Medical Center (MSMC) and Miami Heart Institute (MHI). The two hospitals merged creating Mt. Sinai Medical Center and Miami Heart Institute South (MSMC & MHI)² on one campus and Mt. Sinai Medical Center (MSMC) on another. Both are Class I General Acute Care Hospitals and MSMC is a statutorily defined teaching hospital. MSMC & MHI consists of 274 beds, with 236 acute, 22 skilled nursing unit beds and 16 CMR beds. It also has an approved CON (#9568) to move 44 CMR beds from its main campus to create a 60-bed CMR unit and making the total licensed capacity once the move is accomplished to 318. It is on this campus that the applicant seeks to add the 22 CMR beds, creating an 82-bed CMR unit through the conversion of 22 acute care beds on the same campus.

The proposed project consists of \$511,413 in construction costs and involves 7,203 GSF of new construction space. The project involves a total cost of \$1,241,837.

Need:

There was a published need of zero for CMR beds in District 11. The applicant presents “not normal” circumstances to justify its project. However, the applicant’s need discussion indicates that implementation of a previously approved project should address its facility-specific access issues. It does not meet the facility-specific need methodology in Rule and provided no other special circumstances to demonstrate need.

Quality of Care:

The applicant has a history of providing quality care. It raised quality of care issues in its need discussion, however these issues appear to have arisen as a result of internal policies of not transferring patients needing CMR to hospitals with available beds rather than a result of poor quality

² The applicant recently closed its North campus, leaving two inpatient campuses: MSMC&MHI and MSMC.

CON Action Number: 9774-9775

of care being rendered in existing CMR beds because of over utilization or some other CMR care issue.

Financial Feasibility/Availability of Funds:

Although the short-term and long-term financial ratio analysis is weak, it appears that the applicant will have access to sufficient funding to cover its debt obligation and fund capital projects through December 31, 2005. Based on the above, the applicant will likely have adequate funding to meet its capital needs.

Medicaid/Charity Care:

The applicant has agreed to condition award of the CON upon providing 2.26 percent of its CMR patient days to charity care and Medicaid patients on a combined basis. According to Schedule 7A, the applicant projects (with the addition of 22 rehabilitation beds) that 6.9 percent of total patients days will be provided to Medicaid patients and that three percent will go be provided to charity care patient in each of the first two years of operation.

Architectural:

The applicant proposes to convert 11 semi-private Medical Surgical Rooms to 11 semi-private CMR room on the sixth floor of the Miami Heart Institute. There are other ancillary spaces that are existing on the same floor and will be used by the new licensed beds. Also, some support spaces such as therapy, family waiting and consultation rooms will be located on the sixth floor. This does not present a problem.

The list of applicable building codes were essentially correct and the project schedule appears reasonable for the scope of the work. The plan is functional and well organized with no obvious shortcomings from an architectural standpoint.

Lifemark Hospitals of Florida, Inc. (CON #9775) d/b/a Palmetto General Hospital (PGA) proposes to establish a 20-bed comprehensive medical rehabilitation unit (CMR) through the conversion of 20 acute care beds. The applicant is licensed as a 360-bed, Class 1 general hospital. Its licensed bed capacity is 302 acute care beds, 10 Level II NICU beds, and 48 adult psychiatric beds.

During 2003 AHCA approved two CON's to the applicant. CON #9622 was approved for the conversion of five acute care beds to NICU Level II, increasing he number of NICU Level II beds from 10 to 15 beds. The other CON (#9394) approved an adult open heart surgery program at PGA.

The applicant has agreed to condition award of the CON upon providing seven percent of its CMR patient days to charity care and Medicaid patients on a combined basis.

The proposed project consists of \$350,000 in construction costs and involves 6,200 GSF of construction space. The project involves a total cost of \$1,315,878.

Need:

There was a published need of zero for CMR beds in District 11. The applicant presents “not normal” circumstances exist for approval of its project. The applicant states that there is a maldistribution of CMR providers in District 11 with respect to the distribution of population, that the hospital is like others and need its own CMR facility. The applicant additionally claims that this project will not adversely impact other CMR providers. However, CMR is a statutorily defined tertiary care service and as such should not be located in every acute care hospital in the district. Additionally, the applicant proposes to serve the same population as proposed to be served by recently approved St. Catherine’s Rehabilitation Hospital. St. Catherine’s submitted a letter of opposition to both projects, stating that it will be negatively impacted if either is approved. The applicant failed to demonstrate any special not-normal circumstances of need.

Quality of Care:

The applicant has a history of providing quality care.

Medicaid/Charity Care:

According to the applicant, Palmetto General Hospital’s charity write-off exceeded \$13 million during the past two fiscal years. According to AHCA data, the applicant provided 22.5 percent of its patient days to Medicaid patients in CY 2002.

The applicant conditions this application for the provision of a total of seven percent of CMR patient days to charity and Medicaid patient days combined. According to Schedule 7A, the applicant projects (with the addition of 20 rehabilitation beds) that 19.95 percent of total patients days will be provided to Medicaid patients and that 9.13 percent will go be provided to charity care patient in each of the first two years of operation.

Financial Feasibility:

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.

Architectural:

CON Action Number: 9774-9775

The applicant proposes to convert 10 semi-private existing medical/surgical patient rooms to semi-private rehabilitation rooms. The demolition plan shows that all 10 patient toilet rooms are going to be totally re-built. The other required ancillary spaces are located in the same wing for use by the new CMR unit. The list of applicable building codes is essentially correct and the project schedule appears reasonable for the scope of the work. The plan is functional and well organized with no obvious shortcomings from an architectural standpoint.

G. RECOMMENDATION

Deny CON #9774 and CON #9775.

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