

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Central Florida Regional Hospital, Inc./CON #9805
1401 West Seminole Boulevard
Sanford, Florida 32771

Authorized Representative: Rodney R. Smith, CEO
(407) 302-7392

Oviedo HMA, Inc./CON #9807
5811 Pelican Bay Blvd., Ste. 500
Naples, Florida 34108-2710

Authorized Representative: Timothy R. Parry
(239) 598-3176

2. Service District/Subdistrict

District 7/Subdistrict 4 (Seminole County)

B. PUBLIC HEARING

A public hearing was not held or requested with regard to the establishment of new acute care hospital beds in District 7; Subdistrict 4 (Seminole County). However, letters of support were submitted for the respective applications as follows:

Central Florida Regional Hospital, Inc. (CON #9805) included seven letters of support for its proposed project to establish a 60-bed acute care hospital from: Oviedo City Council; Paul J. Hagerty, Ph.D., Superintendent (retired) of Seminole County Public Schools; B.L. Stalnaker, M.D., FACOG, Central Florida Regional Obstetrics and Gynecology; Bill Vogel, Ed.D., Superintendent (retired) of Seminole County Public Schools; Tina L. Calderone, Ed.D., Executive Director of

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The Foundation; and George J. Viele, P.E., NAI Realvest Partners, Inc. The applicant also included a letter from Angela Kersenbrock, RN, MSN, Dean of Career Programs at Seminole Community College, which indicated that the proposed project would allow the school “to increase the number of health care workers educated...a critical need given Central Florida’s continued population growth in the face of a serious shortage of healthcare workers.” Some of the letters expressed concern that the area’s increased population has placed a greater need for local hospital services, especially obstetrical services.

In addition to the letters submitted by the applicant, the Agency independently received a letter of support from Barton Weeks, a resident of Oviedo. He points out that there has been significant growth in the area, not just in typical residential communities, but also in the number of schools and assisted living facilities.

Oviedo HMA, Inc. (CON #9807 & 9807P) included 20 letters of support for its proposed project to establish a 100-bed acute care hospital. Thirteen of the letters were from area residents however; a majority of these letters were non-specific in nature or were form letters that appeared to be prepared for an individual’s signature. A letter written by Sharon Moore states that she drives 50 miles each way for hospital services. “I can be serviced in Haines City and return to Orlando quicker than I can get services provided by one of the larger healthcare establishments in Orlando”. Letters of support were also received from John Hillenmeyer, President and CEO of Orlando Regional HealthCare; Timothy B. Bullard, M.D., Chief Medical Officer of Orlando Regional Medical Office/Lucerne; Arnold Lazar M.D., Chief of Staff of Orlando Regional Health Care; the EMS Medical Director of Seminole County, Todd M. Husty, DO; Cheryl Anita Smith, CEO of First Step Adolescent Services, Inc.; David Smith, CEO of DLS Consultants, Inc.; and Karen E. Yerkes, MA, ARNP, RNC, University of Central Florida. In addition to being a nurse practitioner, Ms. Yerkes also coordinates the clinical placement for the nurse practitioner programs at the University of Central Florida and writes the she looks forward to expanding placement sites at the new hospital.

The Chief Medical Officer of Orlando Regional Medical Center/Lucerne, Timothy B. Bullard, M.D., indicates that Orlando Regional Healthcare has begun discussions with HMA intended to lead to close working relationships between the two organizations for enhanced patient care at the proposed facility. He states that he will be working with Emergency

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Physicians of Central Florida, the group that provides emergency department physicians for Orlando Regional Healthcare, to establish a similar arrangement with Oviedo, and help to ensure that its protocols and information are as closely aligned as possible.

Arnold Lazar, MD, Chief of Staff at Orlando Regional Healthcare, wrote about the development of a close working relationship between Orlando Regional Health System and HMA to enhance patient care in Oviedo. He states that a number of physicians on the ORHS staff currently reside in the Oviedo vicinity and with ORHS's affiliation, many of these physicians would be ready, willing, and eager to practice at a new primary care community hospital in Oviedo.

In addition to the support letters submitted by the co-batched applicants, the Agency independently received a letter from Congressional Representative Tom Feeney. Representative Feeney's letter supported the need for a hospital facility in Oviedo however; his letter did not endorse one applicant over the other.

C. PROJECT SUMMARY

Central Florida Regional Hospital, Inc. (CON #9805) proposes to establish a 60-bed acute care hospital in Seminole County through the delicensure of 60 of its existing 208 acute care beds. The applicant (Central Florida) is a subsidiary of Hospital Corporation of America (HCA), a for profit health care corporation, which operates 183 acute care and specialty hospitals and 82 freestanding surgery centers in 23 states, England, and Switzerland. Central Florida Regional Hospital is located at 1401 West Seminole Boulevard in Sanford, Florida (District 7, Subdistrict 4, Seminole County). The proposed satellite hospital will be located in Oviedo, Florida, also in District 7, Subdistrict 4, Seminole County. The 60-bed satellite hospital will provide ancillary and support diagnostic and treatment services including, emergency, surgical services, cardiac diagnostic services, imaging services, and obstetric services.

The applicant proposes to condition CON approval upon providing 1.74 percent of its total annual patient days to charity care, providing 7.8 percent of its total annual patient days to Medicaid, and the proposed satellite hospital being located in District 7, Subdistrict 4, Seminole County. The applicant currently has no conditions on its existing acute care beds.

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The proposed project consists of 173,335 GSF of new construction at a construction cost of \$36,400,350. The project involves a total cost of \$93,630,559.

Oviedo HMA, Inc. (CON #9807) proposes to construct a 100-bed acute care hospital in Oviedo, Florida (District 7, Subdistrict 4, Seminole County). The applicant is a wholly owned subsidiary of Health Management Associates, Inc. (HMA) operating 53 hospitals in 16 states. Fourteen of HMA's facilities are located in Florida. HMA also has approval via CON #9551 to construct a 100-bed acute care hospital in Collier County (District 8, Subdistrict 2) and via CON #9768, to construct an 80-bed acute care hospital in Sarasota County (District 8, Subdistrict 6). In addition, HMA has signed an agreement to purchase a hospital in Venice, Florida.

The applicant does not quantify the amount of service to the medically indigent that it proposes on its *Conditions* page. Rather, the applicant agrees to condition the project to accept all Medicaid and indigent care patients that are clinically appropriate for services offered by Oviedo HMA, Inc. and to provide an obstetrical service at the facility. Schedule 7A indicates that the facility will provide 7.1 percent of its total year two inpatient days to Medicaid patients. Notes to this schedule indicate that charity care patients are projected to account for 2.9 percent of the facility's gross revenues. The applicant indicates that this projection is based on the "Sarasota market" and HMA's experience in Florida. Although, as noted above, the applicant has the support of the Orlando Regional HealthCare System, which might have provided some insight into the Seminole market, the applicant is projecting revenues based on the "Sarasota market", where it recently received CON approval to establish a new acute care hospital. It is possible that this statement contains a typographical error and was meant to be Seminole or Oviedo rather than Sarasota.

The proposed project consists of new construction of 202,766 GSF at a construction cost of \$40,553,200. The project involves a total cost of \$81,199,924.

Oviedo HMA, Inc. (CON #9807P) also identified a portion of the above project and proposes a partial submission to construct a 60-bed acute care hospital in Oviedo, Florida. The 60-bed facility complement would consist of 47 medical/surgical beds, eight intensive care beds, five obstetric/GYN beds, and two observation beds.

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The applicant has agreed to condition award of CON #9807P on accepting all Medicaid and indigent care patients that are clinically appropriate for services offered by Oviedo HMA, Inc. and to providing obstetrical services at the facility. As with the 100-bed project, the applicant again shows on Schedule 7 that Medicaid is expected to be 7.1 percent of its total year two inpatient days and that charity care (again based on the Sarasota market) is expected to be 2.9 percent of the 60-bed facility's gross revenues.

The partial project involves a 133,081 GSF of new construction at a construction cost of \$26,616,200. The project involves a total cost of \$62,734,334.

Unless otherwise noted, discussion throughout this report will include the applicant's response and the agency's findings for the 100-bed and the 60-bed projects.

D. REVIEW PROCEDURE

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

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

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

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

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

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

In Volume 30, Number 30, dated July 23, 2004, of the Florida Administrative Weekly, a fixed need pool of zero (0) beds was published for acute care beds in District 7 for the July 2004 batching cycle.

District 7, Subdistrict 4 had a total 592 licensed acute care beds, which experienced an occupancy rate of 62.61 percent for the January 1, 2003 through December 31, 2003 reporting period. It should be noted that an administrative hearing was held (DOAH Case No. 02-0448) and a final order was entered, in which Adventist Health System/Sunbelt, Inc. (d/b/a Florida Hospital) was issued a CON (#9497) to establish a 60-bed acute care hospital in Oviedo, Florida (Seminole County). Adventist has since relinquished the CON.

Neither of the co-batched projects is being submitted in response to the fixed need pool, but rather, what the applicants consider special circumstances, which are discussed below in Section E. 1. b.

b. Other Special Circumstances:

Central Florida Regional Hospital, Inc. (CON #9805) contends that other circumstances exist in the Oviedo area that demonstrate need for this project. Specifically, the project is proposed to meet the perceived needs of the Seminole County population and improve access to health care services in a high growth sector of the county.

The application included a map showing the proposed location of the new hospital and defined the service area as a 10 zip code area, which included both Orange and Seminole Counties. The four zip codes in Orange County are 32792, 32817, 32820, and 32826. The six zip codes in Seminole County are 32707, 32708, 32732, 32765, 32766, and 32773. The applicant indicates the population in the area contained in these zip codes will increase from 283,811 in 2003 to 324,964 in 2008, an increase of approximately 15 percent. The applicant also included a map that identified zip codes 32792, 32708, 32765, 32766, and 32773 as its primary service area (PSA) and zip codes 32817, 32820, 32826, 32707, and 32732 as its secondary service area (SSA).

The applicant provided a breakdown of the priority service area's population by age cohorts and noted that the current population was 283,811. A notable characteristic of this population is that 66,192 or 23 percent of females are within their childbearing years (age 15-44). This population is projected to increase to 70,932 by 2008 per Claritas, Inc., representing a 7.2 percent growth. The applicant maintains that this female population growth rate is indicative that the provision of obstetrical services is important to the service area's future needs. Obstetrical services are currently offered by all three hospitals in Subdistrict 4. Utilization data regarding the facilities OB services was obtained from the Health Council of East Central Florida. The following table shows the utilization rate for CY 2003 and the utilization rate for the 1st and 2nd quarter of 2004:

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**District 7, Subdistrict 4's Hospital Obstetric Utilization Data
CY 2003 & 1st and 2nd Quarter of 2004**

Facility	Beds	Admissions	Pt. Days	Occupancy
CY 2003				
Central Florida Regional Hospital	12	1,121	2,235	51.03%
Florida Hospital-Altamonte	27	1,777	4,075	41.35%
South Seminole Hospital	31	1,662	3,349	29.60%
Subdistrict 4 Total	70	4,560	9,659	37.80%
1st Quarter 2004				
Central Florida Regional Hospital	12	271	553	50.64%
Florida Hospital-Altamonte	27	421	1,011	41.15%
South Seminole Hospital	31	432	908	32.19%
Subdistrict 4 Total	70	1,124	2,472	38.81%
2nd Quarter 2004				
Central Florida Regional Hospital	12	300	586	53.66%
Florida Hospital-Altamonte	27	389	914	37.20%
South Seminole Hospital	31	407	850	30.13%
Subdistrict 4 Total	70	1,096	2,350	36.89%

Source: Obstetric Utilization Data from the Health Council of East Central Florida for the periods shown.

The applicant contends that obstetrical services are not located where they are readily accessible and that obstetrical services are needed in the area due to the high proportion of out-migration, as shown in the chart below.

The proposed 60-bed satellite hospital will contain an obstetrical unit consisting of two dedicated C-Section rooms, six labor-delivery-recovery rooms, and a 12-bed unit. The applicant acknowledges that some out-migration will occur because high-risk mothers will continue to seek hospitals with neonatal intensive care units. Nevertheless, even for normal newborns born in Seminole County where facilities with obstetrical services are equipped to provide the care, there is a pattern of marked out-migration as shown in the table below.

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**Normal Newborns (DRGs 390 & 391) Delivered at Hospitals
Within and Outside the Proposed Service Area & Length of Stay
For CY 2003**

	DRG's 390& 391 Hosp. in Orange Co.	DRG's 390& 391 Hosp. in Seminole Co.	Total	DRG's 390& 391 ALOS Hosp. in Orange Co.	DRG's 390& 391 ALOS Hosp. in Seminole Co	Total ALOS	% Out- Migration
Orange Co. Zip Codes	<i>In County</i>	<i>Out-Migration</i>		<i>In County</i>	<i>Out-Migration</i>		<i>Orange to Seminole</i>
32792	351	52	403	2.2	1.9	2.2	12.9%
32817	270	24	294	2.1	1.7	2.1	8.2%
32820	49	3	52	2.0	2.0	2.0	5.8%
32826	208	12	220	2.1	2.2	2.1	5.5%
Subtotal	878	91	969	2.1	1.9	2.1	9.4%
Seminole Co Zip Codes	<i>Out-Migration</i>	<i>In County</i>		<i>Out-Migration</i>	<i>In County</i>		<i>Seminole to Orange</i>
32707	186	165	351	2.2	1.9	2.1	53.0%
32708	201	117	318	2.0	1.8	1.9	63.2%
32732	20	20	40	1.9	1.7	1.8	50.0%
32733	4	1	5	2.0	3.0	2.2	80.0%
32765	363	91	454	2.1	1.9	2.1	80.0%
32766	70	18	88	2.2	1.6	2.1	79.5%
32773	68	223	291	2.1	1.9	1.9	23.4%
Subtotal	912	635	1,547	2.1	1.8	2.0	59.0%

Source: CON #9805; Vol. I, pg 1-13. Data from AHCA patient data discharge file for CY 2003.

The proposed service area in Seminole County experienced 1,547 births for DRGs 390 and 391 yet, 912 of those births in diagnostic related groups (DRGs) that are not used to identify sick or low birth weight newborns were delivered in Orange County hospitals, representing an out-migration of 59 percent. Furthermore, the two Oviedo zip codes (32765 and 32766) had an 80 percent out-migration. This demonstrates that a large number of women in the applicant's proposed service area are leaving Seminole County for routine obstetrical services in Orange County.

The table below shows the percent of total acute care cases that were served outside the county from which they reside, as well as the selected zip codes for acute care hospital services for CY 2003.

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Percent of Cases Out-Migrating from the County & Selected Zip Codes for Acute Care Hospital Services CY 2003

Orange County	Age 0-17	Age 18-64	Age 65+	Total	Seminole County	Age 0-17	Age 18-64	Age 65+	Total
Zip Codes					Zip Codes				
32792	3.40%	13.81%	9.28%	11.22%	32707	92.72%	53.13%	41.50%	50.98%
32817	5.29%	9.22%	5.05%	7.63%	32708	95.00%	50.52%	45.15%	51.16%
32820	0.00%	10.34%	2.26%	7.05%	32732	72.73%	55.73%	44.32%	52.50%
32826	9.70%	8.59%	5.75%	7.77%	32765*	97.44%	80.76%	82.33%	82.61%
SUBTOTAL	5.06%	11.25%	7.55%	9.43%	32766*	94.83%	78.64%	79.29%	80.32%
All Other	6.16%	13.93%	14.04%	13.34%	32773**	77.54%	27.90%	16.77%	27.66%
Total	6.07%	13.70%	13.33%	12.98%	SUBTOTAL	91.84%	56.60%	51.04%	56.95%
					All Other	86.63%	36.33%	24.70%	34.80%
					Total	88.96%	44.81%	35.22%	43.95%

Source: CON #9805; Vol. I, pg. 1-10.

*Oviedo Zip Code

**Sanford Zip Code

As shown above, the highest out-migration in Seminole County occurred in both Oviedo zip codes, respectively 82.61 percent and 80.32 percent. Overall, 43.95 percent of Seminole County residents received acute care hospital services outside the county. It is noted that there are large tertiary care centers available in Orange County that are not available in Seminole County. Looking at the number of residents out-migrating without looking at their reason for needing services and their primary discharges, does not clearly demonstrate an access problem nor does it illustrate that if a facility were located in Oviedo, out-migration would largely stop. However, it is also noted that out-migration in these two zip codes is significant and the tertiary nature of services provided at large centers in Orange County cannot solely account for this high percentage of out-migration.

The applicant next discussed the need to improve access to emergency services in the Oviedo area. The applicant states that a comparison between Seminole County zip codes with the hospitals in the county and Orange County zip codes and hospitals within Orange County, illustrates that proportionately more Seminole County residents are admitted as emergencies. Residents of the six priority service area zip codes in Seminole County average 60 percent of acute care hospital admissions to Seminole County hospitals as emergencies.

The table below provides an indication as to where Oviedo area residents went for ER services. 1,839 residents residing in zip codes 32765 and 32766 out-migrated to Orange County for ER services compared to 612 residents who received ER services in Seminole County and 71 residents who out-migrated to other Florida counties for ER services. Based on the data, it is apparent that a large number of residents residing in zip codes 32765 and 32766 are out-migrating to Orange County for ER services.

Oviedo Zip Codes 32765 & 32766 ER Services

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Facility ID	District	County	Facility	Zip Code		Total	Patient Days
				32765	32766		
100006	7	Orange	Orlando Regional Medical Ctr.	111	28	139	700
100007	7	Orange	Florida Hospital-Orlando	462	76	538	2,921
100021	7	Orange	Florida Hospital - East Orlando	234	50	284	1,259
100030	7	Orange	Health Central	7		7	33
100161	7	Seminole	Central Florida Reg. Hosp.	30	13	43	193
100162	7	Orange	Winter Park Memorial Hosp.	731	98	829	3,548
100221	7	Orange	Lucerne Medical Center	aggregate	aggregate	12	61
100263	7	Seminole	South Seminole Hospital	275	54	329	1,408
120001	7	Orange	Arnold Palmer Hospital	aggregate	aggregate	21	71
120002	7	Orange	Sand Lake Hospital	aggregate	aggregate	9	80
120004	7	Seminole	Florida Hospital-Altamonte	198	42	240	951
23960017	7	Osceola	Florida Hospital-Celebration Hlth	aggregate	aggregate	10	33
All Other Aggregate						61	537
TOTAL						2,522	11,795

Source: The State Center for Health Statistics. CY 2003 data.

Note: Data fewer than six have been aggregated.

At 3,548 total annual patient days or 30 percent, Winter Park Memorial Hospital provided the most patient days to ER patients residing in the two Oviedo area zip codes as shown in the table above. This was followed by Florida Hospital Orlando, which provided 2,921 patient days or 25 percent and South Seminole Hospital, which provided 1,408 patient days, or 12 percent.

The applicant presented forecasted patient days to 2009, the second year of operation of the proposed satellite facility. For the first year of operation, the applicant arrived at a patient day forecast of 9,847 with an occupancy rate of 45 percent. For the second year of operation, the applicant arrived at a patient day forecast of 12,050 days with an occupancy rate of 55 percent.

The applicant indicates that market share estimates were developed based on experiences encountered by other hospitals in the market. The following table summarizes the resulting market share estimates for the first five years of the facility's operation.

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Forecasted Market Share by Zip Code CY 2008 through CY 2012

Primary Service Area	2008	2009	2010	2011	2012
32765 (Seminole/Oviedo)	25.0%	26.0%	28.0%	29.6%	32.0%
32708 (Seminole)	15.0%	16.0%	16.4%	17.3%	18.4%
32766 (Seminole/Oviedo)	28.0%	30.0%	32.3%	34.7%	38.4%
32792 (Orange)	3.0%	3.1%	3.1%	3.2%	3.5%
32773 (Seminole)	5.0%	5.2%	5.4%	5.6%	5.9%
Other Seminole	1.0%	1.0%	1.1%	1.1%	1.2%
PSA	6.3%	6.6%	6.9%	7.4%	7.9%
Secondary Service Area					
32817 (Orange)	4.0%	4.2%	4.4%	4.6%	4.9%
32707 (Seminole)	3.0%	3.1%	3.2%	3.4%	3.6%
32826 (Orange)	5.0%	5.3%	5.8%	6.2%	7.0%
32820 (Orange)	8.0%	8.4%	8.7%	9.3%	10.0%
32732 (Seminole)	6.0%	6.1%	6.2%	6.6%	6.8%
Other Orange	0.1%	0.1%	0.1%	0.1%	0.1%
SA	0.4%	0.5%	0.5%	0.5%	0.5%
Total	2.0%	2.0%	2.1%	2.2%	2.4%

Source: CON #9805 ; Table 1-15, pgs. 1-25 & 1-26.

Note: The calculations shown in the table above differ slightly from the calculations provided by the applicant in Table 1-15.

Based on the data in the above table, the applicant is expecting to capture 6.3 percent of the PSA market share in year one and 6.6 percent in year two. It is expecting to capture 2.0 percent of the overall service area market share in year one and year two of operation.

In evaluating potential adverse impact on existing providers, this proposal reallocates 60 beds that already exist in the subdistrict. The following table shows where residents from Oviedo zip codes 32765 and 32766 are currently going to receive acute care services:

Oviedo Zip Codes 32765 & 32766 Acute Care Services								
	Dist.	County	Acute Care Cases			Acute Care Pt. Days		
			Zip Code 32765	Zip Code 32766	Total Cases	Zip Code 32765	Zip Code 32766	Total Pt. Days
Central Florida Regional	7	Seminole	34	17	51	163	55	218
Arnold Palmer Hospital	7	Orange	56	15	71	174	45	219
Florida Hospital-Orlando	7	Orange	775	131	906	4,275	713	4,988
Florida Hospital-Altamonte	7	Seminole	300	52	352	1,228	200	1,428
Florida Hosp-Celebration Hlth	7	Osceola	aggregate	aggregate	18	aggregate	aggregate	59
Florida Hospital-East Orlando	7	Orange	282	57	339	1,251	232	1,483
Health Central	7	Orange	aggregate	aggregate	21	aggregate	aggregate	79
Lucerne Medical Center	7	Orange	78	16	94	354	90	444
Orlando Regional Medical Ctr.	7	Orange	245	55	300	994	281	1,275
Sand Lake Hospital	7	Orange	aggregate	aggregate	17	aggregate	aggregate	199
Winter Park Memorial Hosp.	7	Orange	955	128	1,083	4,170	566	4,736
South Seminole Hospital	7	Seminole	328	60	388	1,355	206	1,561
All Other Aggregate					158			1068
TOTAL					3,798			17,757

Source: The State Center for Health Statistics. CY 2003 data.

Note: Data fewer than six have been aggregated.

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The table above indicates that out of the 3,798 acute care patients from Oviedo zip codes 32765 & 32766, the applicant served 51 of those patients, or 1.3 percent and provided 1.2 percent of the total annual patient days. The applicant contends that its proposed project will have no adverse impact on any one hospital. The table above shows that Florida Hospital Orlando provided the most acute care patient days to the residents of the two zip code Oviedo area at 4,968 total annual patient days or 30 percent. This was followed by Winter Park Memorial Hospital, which provided 4,736 patient days or 27 percent and South Seminole Hospital, which provided 1,561 patient days or 8.8 percent.

The table below provides an indication as to where Oviedo area mothers are giving birth to well newborns (DRGs 390-391) are going for obstetrical services. The majority of mothers giving birth to normal newborns from zip codes 32765 and 32766 are out-migrating to Orange County.

**Oviedo Zip Codes 32765 & 32766
Services for DRGs 390-391**

Facility ID	Dist.	County	Facility	Zip Code		Grand Total	Patient Days
				32765	32766		
100007	7	Orange	Florida Hospital-Orlando	73	10	83	186
100162	7	Orange	Winter Park Memorial Hospital	112	26	138	295
100263	7	Seminole	South Seminole Hospital	27	11	38	68
120001	7	Orange	Arnold Palmer Hospital	178	34	212	436
120004	7	Seminole	Florida Hospital - Altamonte	60	7	67	129
100161	7	Seminole	Central Florida Regional Hosp.	aggregate	aggregate	aggregate	7
All Other Aggregate						12	15
TOTAL						550	1,136

Source: The State Center for Health Statistics. CY 2003 data.
Note: Data fewer than six have been aggregated.

The table above shows that the applicant provided seven total annual patient days to the patients from the Oviedo area or 0.6 percent. Arnold Palmer Hospital provided the most patient days to these residents at 38.4 percent. This was followed by Winter Park Memorial, which provided 295 patient days or 26 percent and Florida Hospital Orlando, which provided 186 patient days or 16.4 percent.

The applicant did not provide an adequate discussion regarding the potential impact this project would have on the existing providers serving the Oviedo area. Based on the data presented above, Winter Park Memorial Hospital provides the most patient days (29.95 percent ER, acute care, and DRGs 390-391) to patients residing in the two zip code Oviedo area. Winter Park Hospital in Orange County is located approximately 10.5 miles and 16.2 miles to Oviedo area zip codes 32765 and 32766 respectively. Florida Hospital Orlando is the second largest provider of patient days to the Oviedo area residents at 26.3 percent.

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Florida Hospital Orlando in Orange County is located approximately 17.7 miles and 23.5 miles to Oviedo area zip codes 32765 and 32766 respectively. The applicants proposed project will take potential patient days from the facilities presently serving this population and therefore will have a negative impact on them to some extent.

Although the applicant has not demonstrated that Seminole County residents needing care are unable to access it, data indicates that Oviedo area residents needing hospitalization are out-migrating to facilities in Orange County. However, some are out-migrating because of certain tertiary services available in Orange County facilities. Tertiary services such as neonatal intensive care, are not currently available in Seminole County, and are not proposed in either competing project under review. As indicated above, the applicant is proposing to establish a new hospital in a high growth area. While population growth has increased dramatically in east Seminole County, the three acute care facilities located in Subdistrict 7-4 are all located in the western portion of Seminole County, creating a maldistribution of beds. The applicant's proposed project would increase access to hospital services to those residents living in the Oviedo area.

Oviedo HMA, Inc. (CON #9807 & #9807P): The applicant claims that the special (not normal) circumstances that existed when Adventist Health System/Sunbelt, Inc. was issued a CON to establish a 60-bed acute care hospital in Oviedo remain substantially unchanged. Population growth, lack of access, utilization of existing providers, travel distance and traffic congestion are among the factors still justifying approval of a new hospital according to the applicant. However, the determination that a new hospital was needed in the area was made by agency based on a recommendation from an administrative law judge two years ago who identified unprecedented population growth and determined travel was an issue primarily because of emergency room visits.

The applicant provided information below, which shows unprecedented growth has continued in and around the Oviedo area. As was discussed above in co-batch applicant HCA needs argument, Oviedo area residents are out-migrating to facilities outside the county for ER and obstetrical services. Out-migration for these types of services would indicate that access issues continue to exist in the subdistrict. As referenced in the letters of support in Section B above, Orlando Regional Medical Center is

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in support of this project and will collaborate with the applicant to integrate the Oviedo HMA hospital into the community and within the existing health care system. HMA proposes to offer a full-service hospital including medical/surgical, obstetrics, cardiac catheterization, ambulatory surgery, MRI, and a full-service emergency department.

According to the U.S. Census Bureau, the City of Oviedo has more than doubled its population between 1990 and 2003, from 11,114 residents in 1990 to almost 28,000 residents in 2003. Not only has the City of Oviedo experienced tremendous growth, but so have the areas surrounding Oviedo, according to the applicant. The applicant identified four zip codes as its primary service area: 32765, 32766, 32732, and 32708. The applicant provided the following table to show the PSA's projected growth:

2004-2009 HMA OVIEDO SERVICE AREA POPULATION TRENDS

Zip Code	City	2004 Population	2009 Population	2004-2009 Pop. Growth
32765	Oviedo	49,985	57,742	15.5%
32766	Oviedo	9,068	11,302	24.6%
32708	Winter Springs	42,373	45,362	7.1%
32732	Geneva	5,363	5,821	8.5%
Primary Service Area		106,789	120,227	12.6%
Seminole County		400,730	445,460	11.2%
State of Florida		17,260,294	18,871,000	9.3%

Source: CON #9807, pg. 11. Data from 2004 Claritas database.

As shown in the table above, it is projected that the service area will grow by almost 13 percent over the next five years with the Oviedo zip codes experiencing the strongest growth at 15.5 percent and 24.6 percent. Both Seminole County and the State of Florida are projected to experience strong growth during the same period, although both are projected to experience lower growth than the PSA.

The applicant claims that the Oviedo population is relatively young with less than 10 percent elderly. Over the next five years, the distribution is projected to change with an increasing percent of the population 45 years of age and older. The applicant feels that the younger population base is indicative of the need for easy access to obstetrical care and emergency services. The applicant provided the following table to show the PSA age distribution:

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2004-2009 Oviedo Service Area Population by Age Cohort

Age Cohort	2004		2009	
	Number	Percent	Number	Percent
>15 Yrs. of Age	24,751	23.2%	26,808	22.3%
15-44 Yrs. Of Age	45,766	42.9%	50,153	41.7%
45-64 Yrs. Of Age	26,536	24.8%	31,572	26.3%
65-74 Yrs. Of Age	5,608	5.3%	6,653	5.5%
75+ Yrs.	4,128	3.9%	5,041	4.2%
TOTAL	106,789	3.9%	5,041	4.2%

Source: CON #9807, Pg. 11. Data from Claritas.

Over the next five years, the service area is expected to experience the strongest growth in the 45 years and older age cohorts as illustrated in the table below.

2004-2009 Service Area Population Change by Age Cohort

Age Cohort	2004	2009	Growth
Under 15 Yrs. of Age	24,751	26,808	8.3 percent
15-44 Yrs. Of Age	45,766	50,153	9.6 percent
45-64 Yrs. Of Age	26,536	31,572	19.0 percent
65-74 Yrs. Of Age	5,608	6,653	18.6 percent
75 Yrs. and Older	4,128	5,041	22.1 percent
TOTAL	106,789	120,227	12.6 percent

Source: CON #9807, Pg. 12. Data from Claritas.

The applicant maintains that the existing beds in the subdistrict are geographically maldistributed. In 2003, Seminole County residents accounted for 35,943 medical/surgical and obstetrical discharges. Oviedo's residential medical/surgical and obstetrical discharges were almost 9,000 or 25 percent of all discharges in Seminole County. Like co-batch applicant Central Florida, HMA explains this mal-distribution using bed-to-population ratios. However, bed-to-population ratios are not good indicators of need, as they do not consider bed utilization. Almost 62 percent of Oviedo area residents travel to Orange County for inpatient admission according to the applicant. The applicant believes that the low bed to population ratio in Seminole County is partially responsible for the high out-migration rate. However, a more likely scenario is that many are out-migrating because of certain tertiary services available in the Orange County facilities. Tertiary services such as neonatal intensive care are not currently available in Seminole County and is not proposed in either of the competing project under review.

Even though ER visits in Seminole County increased 6.6 percent from 95,540 to 101,828 visits between 2000 and 2003, the applicant maintains that the three Seminole County emergency departments are geographically not well located to serve the Oviedo population. The applicant contends that a significant portion of Oviedo's service area population is traveling to Orange County for emergency services. As discussed above in co-batched applicants HCA's needs discussion, 1,839 residents residing in zip codes 32765 and 32766 out-migrated to Orange County for ER services compared to 612 residents who received ER

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services in Seminole County and 71 residents who out-migrated to other Florida counties for ER services. Based on the data, it is apparent that a large number of residents residing in zip codes 32765 and 32766 are out-migrating to Orange County for ER services.

The applicant quoted an October 15, 2004 telephone interview in which the EMS program manager, Angel Nater, acknowledged that the most frequent transports from the Oviedo market are to hospitals in Orange County. The applicant maintains that nine percent of the transports from Seminole County, or 1,653 patients, had a wait time greater than 45 minutes at a hospital. With 25 percent of the county population, Oviedo area residents would be expected to account for approximately 4,500 or the 18,316 patients transported. The applicant provided the table below to illustrate the travel distance in miles and estimated drive time from the four PSA zip codes to the most often utilized facilities:

**Distance in Miles and
Total Estimated Drive Time for ER Services
Oviedo Zip Codes
32765 & 32766**

Hospital Name	County	Cases	Pt. Days	32765		32766	
				Miles	Drive Time	Miles	Drive Time
Florida Hospital Orlando	Orange	538	2,921	17.7	27	23.5	49
Winter Park Mem. Hosp	Orange	829	3,548	10.5	18	16.2	40
South Seminole Hospital	Seminole	329	1,408	13.3	23	19.0	45
Florida Hosp. E. Orlando	Orange	284	1,259	12.4	17	18.2	39
Florida Hospital-Altamonte	Seminole	240	951	11.9	21	17.7	43
Orlando Reg. Med. Ctr.	Orange	139	700	17.7	27	23.5	49

Source: Data from MapQuest.

Note: Estimated time is in minutes.

The table above illustrates where the majority of patients from the two Oviedo zip codes, 32765 and 32766, received ER services. As illustrated above, these residents traveled anywhere from 10 to 24 miles for emergency services. Since the patients may be transported in excess of 20 miles away, this can add an additional 45 minutes or more in travel time during rush hours/traffic congestion according to the applicant. Data was presented above in co-batched applicants HCA's discussion, which provided an indication as to where Oviedo residents went for ER services. 1,839 residents residing in zip codes 32765 and 32766 out-migrated to Orange County for ER services compared to 612 residents who received ER services in Seminole County and 71 residents who out-migrated to other Florida counties for ER services. Based on the data, it is apparent that a large number of residents residing in Oviedo are out-migrating to Orange County for ER services.

The applicant claims the Oviedo service area has insufficient access to obstetrical care. In 2003, there were 1,153 obstetrical discharges from residents in the Oviedo service area. According to the applicant, Orlando

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Regional Healthcare or Florida Hospital provided nearly 98 percent of all obstetrical service.

**2003 Oviedo Service Area Obstetrical Discharges
by Hospital and System**

Hospital	2003	Market Share
Orlando Regional Healthcare System	559	48.5%
Florida Hospital	569	49.3%
Central Florida Regional Hosp. (HCA)	14	1.2%
Other	11	1.0%
TOTAL	1,153	100%

Source: CON #9807, Pg 20. Data from AHCA database.

The applicant contends that Orlando Regional Healthcare's Arnold Palmer Hospital is the market leader with 36.3 percent of the obstetrics market share from the Oviedo service area. Arnold Palmer is located approximately 20 miles away from Oviedo and travel time, particularly during traffic congestion, is of concern. As previously discussed, obstetrical services are currently offered by all three hospitals in Subdistrict 4, yet none offer a Level II or III neonatal intensive care unit program. The applicant is not proposing to offer NICU services at its new facility therefore, it is assumed that women in the Oviedo service area, especially high-risk mothers, will continue to seek hospitals with neonatal intensive care units. Nevertheless, co-batched applicant HCA demonstrated that even for normal newborns born in Seminole County where facilities with obstetrical services are equipped to provide the care, there is a pattern of marked out-migration.

As stated earlier, Oviedo HMA will not provide tertiary inpatient services; including transplants and neonatal discharges (with the exception of normal newborns), at the proposed 100-bed general acute care hospital. The applicant did not include these specialty discharges in its calculation of market size and calculation of medical/surgical/OB market share. Of the remaining resident discharges, the applicant anticipates capturing 40 percent of the Oviedo service area resident discharges in its first year of operation and 45 percent market admissions during its second year of operation as shown in the table below.

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**2008 and 2009 Oviedo HMA Market Share
Proposed 100-Bed Facility**

	Oviedo Residents Historical	Oviedo HMA Projected	
	2003	2008	2009
Population	104,101	117,539	120,227
Resident Discharges	10,451	12,092	12,421
Resident Use Rate	100.4	102.9	103.3
Medical/Surgical/OB Discharges	8,870	10,323	10,616
Medical/Surgical/OB Resident Use Rate	85.2	87.8	88.3
Oviedo HMA Market Share		40.0%	45.0%
Oviedo HMA Discharges		4,129	4,776

Source: CON #9807, Pg. 26.

For the proposed 60-bed facility (**CON #9807P**), the applicant anticipates capturing 26 percent of the Oviedo service area resident discharges in its first year of operation and 33 percent market admissions during its second year of operation as shown in the table below.

**2008 and 2009 Oviedo HMA Market Share
Proposed 60-Bed Facility**

	Oviedo Residents Historical	Oviedo HMA Projected	
	2003	2008	2009
Population	104,101	117,539	120,227
Resident Discharges	10,451	12,092	12,421
Resident Use Rate	100.4	102.9	103.3
Medical/Surgical/OB Discharges	8,870	10,323	10,616
Medical/Surgical/OB Resident Use Rate	85.2	87.8	88.3
Oviedo HMA Market Share		26.0%	33.0%
Oviedo HMA Discharges		2,734	3,525

Source: CON #9807P, Pg. 26.

The applicant presented its forecasted patient days to 2009, the second year of operation of the proposed 100-bed facility. For the first year of operation, the applicant arrived at a patient day forecast of 20,608 with an occupancy rate of 56.5 percent. For the second year of operation, the applicant arrived at a patient day forecast of 23,849 days with an occupancy rate of 65.3 percent. For the proposed 60-bed facility, the applicant arrived at a patient day forecast of 12,669 with an occupancy rate of 57.8 percent. For the second year of operation, the applicant arrived at a patient day forecast of 16,669 days with an occupancy rate of 75.1 percent.

The applicant contends that its proposed 100-bed facility will have minimal impact on existing providers and provided the following tables to illustrate its impact:

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**2009 Projected Oviedo Service Area
Medical/Surgical/OB Discharges
100-Bed Facility**

	2009
Oviedo Service Area Discharges	10,613
Oviedo HMA Service Area Share Discharges	45.0%
Oviedo HMA Discharges	4,776
Other Provider Projected Discharges from Oviedo	5,625

Source: CON #9807, pg. 28.

As illustrated in the table above, it is expected that 5,625 Oviedo service area residents in 2009 would choose to be hospitalized at a provider other than Oviedo HMA. The following table estimates a decline in the number of Oviedo residents seeking care at existing providers in 2009. This number is determined by subtracting the number of discharges expected to leave the market in 2009 from the number of total Oviedo service area medical/surgical/OB discharge residents in 2003 that left the market. The difference indicates the number of Oviedo service area discharges from provider hospitals in 2003 that providers outside of Oviedo would not be expected to serve in 2009 when Oviedo is operational.

**2009 Providers Lost Oviedo Service Area Discharges
with Approval of Oviedo HMA's 100-Bed Facility**

	Discharges
Providers 2003 Oviedo Discharges	8,870
Other Providers Projected 2009 Discharges from Oviedo	5,625
Decline in Other Providers Discharges with Oviedo HMA in 2009	3,245

Source: CON #9807, pg. 28.

The applicant provided the following tables to illustrate the impact its proposed 60-bed facility will have on existing providers:

**2009 Projected Oviedo Service Area
Medical/Surgical/OB Discharges
60-Bed Facility**

	2009
Oviedo Service Area Discharges	10,613
Oviedo HMA Service Area Share Discharges	33.2%
Oviedo HMA Discharges	3,524
Other Provider Projected Discharges from Oviedo	7,089

Source: CON #9807P, pg. 28.

As illustrated in the table above, it is expected that 7,089 Oviedo service area residents in 2009 would choose to be hospitalized at a provider other than Oviedo HMA. The following table estimates a decline in the number of Oviedo residents seeking care at existing providers in 2009.

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This number is determined by subtracting the number of discharges expected to leave the market in 2009 from the number of total Oviedo service area medical/surgical/OB discharge residents in 2003 that left the market. The difference indicates the number of Oviedo service area discharges from provider hospitals in 2003 that providers outside of Oviedo would not be expected to serve in 2009 when Oviedo is operational.

**2009 Providers Lost Oviedo Service Area Discharges
with Approval of Oviedo HMA's 60-Bed Facility**

	Discharges
Providers 2003 Oviedo Discharges	8,870
Other Providers Projected 2009 Discharges from Oviedo	7,089
Decline in Other Providers Discharges with Oviedo HMA in 2009	1,781

Source: CON #9807P, pg. 28.

The area appears to be able to support a small hospital. While existing facilities in the subdistrict are currently underutilized, data indicates that Oviedo area residents are out-migrating to Orange County for obstetrical and ER services. The 60-bed project appears more likely to be well used. The architectural analysis indicates that building the 60-bed version will be somewhat less cost-effective than the proposed 100-bed version. Refer to the architectural analysis in Section 4.f. below.

2. Agency Rule Criteria

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

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

Refer to E. 4. g. below for a comparison of the co-batched applicants' provision of care to Medicaid and charity patients in each applicant's existing Florida facilities.

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

Central Florida Regional Hospital, Inc. (CON #9805) proposes to transfer 60 underutilized beds from Central Florida Regional Hospital also located in Subdistrict 4, which had 208 acute care beds that averaged 55.82 percent utilization in calendar year 2003. Oviedo HMA (CON #9807 and CON #9807P) does not propose to convert any of its existing underutilized beds. It is noted that prior to July 2004 changes in CON law, projected occupancy in the remaining beds at Central Florida Regional Hospital, Inc. would have been examined as a part of this review. However, because Central Florida can add an unlimited number of acute beds at the hospital by notifying the agency without CON review, this is not an issue.

3. 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.**

Both applicants provided need discussions and contend that unprecedented population growth and an out-migration of patients requiring emergency and obstetric services, need for a hospital in that area has been demonstrated (see Item 1. b. above). Additionally, both applicants looked at impact on existing providers serving the area and believe that none will be negatively impacted. Because of significant out-migration, existing providers in Seminole County should not be impacted.

The table above in co-batched applicant HCA's need discussion provided an indication as to where patients residing in Oviedo zip codes 32765 and 32766 went for ER services. Orlando Regional Medical Center provided ER services to 139 of the 2,522 total ER patients from these two zip codes or 5.51 percent and 700 patient days out of 11,795 or 5.93 percent. It provided acute care services to 300 out of 3,798 total acute care patients residing in Oviedo or 7.9 percent and 1,275 patient days out of 17,757 or 7.2 percent. Agency date indicates that Orlando

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Regional Medical Center did not provide OB services for normal newborns (DRGs390-391) residing in the two Oviedo zip codes. It appears that if Central Florida's project is approved it would have a minimal impact on Orlando Regional Medical Center.

Neither applicant is seeking to establish tertiary care services so it is expected that there will continue to be out-migration to the two large tertiary care hospitals in Orange County.

District 7, Subdistrict 4 is comprised of three acute care hospitals in one county with a total of 592 acute care beds. The average acute care occupancy in the subdistrict was 62.61 percent for the 12-month reporting period ending December 31, 2003. The following table shows the number of acute care beds and occupancy rates for District 7, Subdistrict 4.

District 7 Subdistrict 4 Occupancy Rates January 2003 through December 2003		
Hospital	# of Acute Care Beds	Percent Occupancy
Central Florida Regional Hospital	208	55.82%
Florida Hospital—Altamonte	258	72.40%
South Seminole Hospital	126	53.78%
TOTALS	592	62.61%

Source: Florida Hospital Bed and Service Utilization by District, Vol. II, July 2004 Batching Cycle.

Need for the projects are not evidenced by the utilization of like and existing services in the service area. Neither of the co-batched applicant's projects is being submitted in response to the fixed need pool. Central Florida's 60-bed hospital, if approved, will delicense 60 acute care beds from its facility in Seminole County and add 60 beds in Seminole County, resulting in a zero net bed increase to the subdistrict. HMA's project, if approved, will add 100 beds (or 60 beds if the partial request is approved) in Seminole County. Either project, if approved, will establish a new acute care hospital in a high growth area within Seminole County.

Central Florida Regional Hospital, Inc. (CON #9805) is seeking to establish new 60-bed acute care facility in Oviedo, Florida via transfer of 60 underutilized acute care beds from its existing facility in Sanford, Florida. During the 12-month reporting period ending December 31, 2003, Central Florida's licensed 208 acute care beds reported an average occupancy of 55.82 percent. Since the proposed facility will be located in the same subdistrict as the existing Sanford facility, this project will not increase the number of beds in the subdistrict. However, as mentioned earlier, with recent changes to CON regulations this is less of an issue as any existing acute care provider may add beds to increase the number of beds with the subdistrict without CON review.

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As previously discussed above in Item E.1c, the applicant indicates that the population growth of the Oviedo service area will increase the demand for emergency, obstetrical, and acute care services. The applicant also cites Seminole County resident out-migration to Orange County and contends that beds are maldistributed in relation to the service area's population growth. The 60-bed satellite hospital will provide ancillary and support diagnostic and treatment services including, emergency, surgical services, cardiac diagnostic services, imaging services, and obstetric services. This proposal will address that maldistribution and offer needed emergency and obstetric services to Oviedo and surrounding population in reduced travel times.

The applicant did not discuss the quality of care provided by other hospitals in the subdistrict but provided a brief description of its provision of care. See item 4.c. for a discussion of the applicant's quality of care.

Although need for the project is not evidenced by the availability and extent of utilization of existing health care facilities and health services in the applicant's service area, there is evidence that quality of care, efficiency, and accessibility will be improved with a new hospital in Oviedo. The applicant's project differs from co-batched applicant Oviedo HMA in that the applicant will be moving beds within the subdistrict in which it is already serving to better reach area residents that it is currently serving at a low percentage. Therefore, moving these beds to better serve this area is expected to increase its market share. The applicant did not provide an adequate discussion regarding the potential impact this project would have on the existing providers serving the Oviedo area. As previously discussed in E.1.b above, Winter Park Memorial Hospital provides the most patient days (29.95 percent ER, acute care, and DRGs 390-391) to patients residing in the two zip code Oviedo area. Winter Park Hospital in Orange County is located approximately 10.5 miles and 16.2 miles to Oviedo area zip codes 32765 and 32766 respectively. Florida Hospital Orlando is the second largest provider of patient days to the Oviedo area residents at 26.3 percent. Florida Hospital Orlando in Orange County is located approximately 17.7 miles and 23.5 miles to Oviedo area zip codes 32765 and 32766 respectively. The applicants proposed project will take potential patient days from the facilities presently serving this population and therefore will have a negative impact on them to some extent. The applicant will be competing with Florida Hospital and Orlando Regional Medical Center, who currently serve the majority of the out-migrating residents.

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The applicant did not discuss physician referrals and how they would capture this share of the market. It is further note that very few letters of support were written by physicians and of those submitted, none indicated that they would refer patients to the proposed satellite facility.

Oviedo HMA, Inc. (CON #9807 & #9807P) indicates that the new hospital will increase availability of health care services to residents within the service area. H.M.A., Inc. indicates that the new facility will bring a much needed 24-hour emergency room and obstetrical services to Oviedo area residents significantly reducing the need for these residents to travel to the north or western portion of Seminole County or to Orange County for medical services. The applicant reiterated that Oviedo area residents travel anywhere from six to 42 miles for acute care, emergency, and obstetrical service. This can add an additional 45 minutes or more in travel time during rush hours/traffic congestion according to the applicant. The applicant maintains that the Seminole County Fire Department has an active EMS section with a broad array of services including emergency transport. Based on data provided by the Seminole County EMS program manager, nine percent of the transports from Seminole County or 1,653 of the patients had a wait time greater than 45 minutes. This time would be in addition to the amount of transport time from the scene according to the applicant. With 25 percent of the population, the applicant estimates that Oviedo area residents would be expected to account for approximately 4,500 of the 18,316 patients transported. The applicant indicates that its hospital-based emergency department in Oviedo will decrease the time that EMS units are out of service transporting patients and will enable them to remain in the community to respond to the emergency needs of other Oviedo residents. The applicant also readdresses issues related to out-migration for care, previously discussed.

The applicant did not discuss the quality of care provided by other hospitals in the subdistrict but provides a brief description of the HMA's provision of care. See item 4.c. for a discussion of the applicant's quality of care.

In respect to efficiency, the applicant provided a discussion of the HMA hospital system. The applicant expects to benefit from the established and proven proprietary programs and technology that has already been developed by HMA, saving Oviedo HMA the expense and labor involved with developing new programs.

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Although need for the project is not evidenced by the availability and extent of utilization of existing health care facilities and health services in the applicant's service area, there is evidence that quality of care, efficiency, and accessibility will be improved with a new hospital in Oviedo. The applicant's project differs from co-batched applicant Central Florida Regional Hospital in that the applicant currently does not serve this population at all. It will be partnering with Orlando Regional HealthCare System (ORHS), who along with Florida Hospital serve the majority of the out-migrating patients in this area and consequently is expected to be able to serve those out-migrating.

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

Central Florida Regional Hospital, Inc. (CON #9805) is an existing provider of acute care hospital services and is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). Central Florida Regional Hospital received the *2004 Distinguished Hospital Award for Clinical Excellence* from HealthGrades, a health care quality company that analyzes the quality of care at hospitals across the county and publishes ratings based on the performance of each hospital. The applicant also provides a description of its quality improvement plan. Exhibit 5-1 contained a copy of Central Florida Regional Hospital's CY 2004 Quality Improvement Plan.

A review of AHCA licensure records reveals that Central Florida Regional Hospital had two confirmed complaints during the previous 36 months. However, one of the complaints, related to patient care, was confirmed without deficiency. The other confirmed complaint was related to a billing/refund problem. The applicant demonstrated that it has a history of providing quality of care.

In addition to Central Florida Regional Hospital, the applicant's parent corporation is affiliated to 38 acute care facilities in Florida. A review of AHCA hospital licensure records for the affiliate facilities reveals that during the previous 36 months, there have been 137 confirmed complaints with deficiencies cited: 33 emergency access violations; 27 related to patient care; 10 related to nursing services; nine medicine problems/errors/formulary; eight for inappropriate discharge; eight patient rights violations; six related to discharge planning; five each for

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pressure sores and medical services; three each related to medical records/charting, sanitation, falls/injury, and lack of access; two each related to patient abuse/neglect, administration, improper use of restraints, infection control, and staffing violations; and one each for Ch. 394/Baker Act violation, failure to report an incident, lost item, equipment disrepair, toileting, surgery unrelated to diagnosis, dietary, operating outside the scope of license, and physical plant. HCA affiliated facilities have also had 22 confirmed without deficiency complaints; eight for patient care, three for patient abuse/neglect, two for rodent/insects, , and one each for improper use of restraints, falls/injury, medical services, infection control, billing/refund, sanitation, physical plant, equipment disrepair, and medicine problems/errors/formulary.

Oviedo HMA, Inc. (CON #9807 & 9807P), as a newly established entity, does not have a history of providing quality care. However, the applicant provides a description of HMA's awards and quality management programs. The applicant indicates that the JCAHO awarded the HMA hospitals surveyed an average score of 94 on a 100-point scale, which is higher than the national average. HMA affiliate facility, Charlotte Regional Medical Center was named to Solucient's 100 Top Cardiovascular for the fifth time. Solucient also placed Pasco Regional Medical Center on its list of the nation's top 100 hospitals.

A review of AHCA hospital licensure records for the parent corporation's 14 Florida affiliates reveals that during the previous 36 months, there have been 43 confirmed complaints with deficiencies cited: 22 billing/refund errors, four emergency access violations, four patient care, three medicine problems/errors/formulary and one each for Ch. 394/Baker Act violation, medical services, medical records keeping, patient abuse/neglect, inappropriate discharge, discharge planning, staffing, sanitation, infection control, and physical plant. HMA affiliated facilities have also had 11 confirmed without deficiency complaints; three for patient care, and one each for improper use of restraints, patient abuse/neglect, falls/injury, medical services, pressure sores, infection control, billing/refund, and rodent/insects. Even though the applicant does not have an operational history, its parent corporation's affiliated Florida hospitals have demonstrated the ability to provide quality care.

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

Central Florida Regional Hospital, Inc. (CON #9805): The audited financial statements for the periods ending December 31, 2002 and 2003 were analyzed for the purpose of evaluating the applicant's ability to

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provide the capital and operational funding necessary to implement the project. The following is a list of accounts and ratios used in the analysis:

CENTRAL FLORIDA REGIONAL HOSPITAL, INC.

	<u>12/31/2003</u>	<u>12/31/2002</u>
Current Assets	\$ 19,839,472	\$ 17,822,269
Cash and Current Investment	\$ -	\$ -
Assets Restricted for Capital Projects	\$ -	\$ -
Total Assets	\$ 67,045,482	\$ 68,368,328
Current Liabilities	\$ 8,725,946	\$ 9,558,716
Total Liabilities	\$ 28,559,499	\$ 32,556,841
Net Assets	\$ 38,485,983	\$ 35,811,487
Total Revenues	\$ 116,193,283	\$ 111,563,461
Interest Expense	\$ 2,272,229	\$ 2,565,701
Excess of Revenues over Expenses	\$ 4,112,556	\$ 3,466,088
Cash Flow from Operations	\$ 5,443,778	\$ 5,308,213
Working Capital	\$ 11,113,526	\$ 8,263,553
Current Ratio (CA/CL)	2.3	1.9
Cash Flow to Current Liabilities (CFO/CL)	0.6	0.6
Long-Term Debt to Net Assets (TL-CL/NA)	0.5	0.6
Times Interest Earned (NPO+Int/Int)	2.8	2.4
Net Assets to Total Assets (TE/TA)	57.4%	52.4%
Total Margin (ER/TR)	3.5%	3.1%
Return on Assets (ER/TA)	6.1%	5.1%
Operating Cash Flow to Assets (CFO/TA)	8.1%	7.8%

The applicant is an indirect wholly owned subsidiary of HCA, Inc. (parent). The applicant's cash receipts are routinely transferred into a management account of the parent; as a result, no cash balance is shown on the applicant's books for the year ending December 31, 2002 and 2003. The cash transfers to the parent are netted against inter-company loans and other expenses and are recorded net on the balance sheet. The net inter-company balance for December 31, 2003 was a liability of \$19.7 million.

Short-term position:

The applicant's current ratio of 2.3 indicates current assets are over twice current liabilities, a good position. The ratio of cash flow to current liabilities of 0.6 is below average and a moderately weak position. The working capital (current assets less current liabilities) of \$11.1 million is a measure of excess liquidity that could be used to fund capital projects.

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Overall, the applicant has an adequate short-term position. (Note: the transfer of cash to the parent company reduces the current ratio and working capital amounts).

Long-term position:

The long-term debt to equity ratio of 0.5 is slightly below average, a moderate position. The cash flow to assets ratio of 8.1 percent is slightly below average, a moderate position. The most recent year had excess of revenues over expenses of \$4.1 million, which resulted in a total margin of 3.5 percent. Overall, the applicant has an adequate long-term position.

Capital requirements:

Schedule 2 indicates the applicant has \$112 million in capital projects and expenditures through 2007. The audit of the applicant does not indicate any other projects or long-term liabilities that would impact funding requirements.

Available capital:

Schedule 2 indicates funding for these projects and expenditures will come from a parent inter-company loan. The applicant provided a commitment letter from the parent company to fund the project. The applicant did not submit a copy of the parent's audited financials for the period ending December 31, 2003; however, we were able to obtain a copy from the SEC. The audited financials showed cash and equivalents of \$115 million, working capital of 1.65 billion with a current ratio of 1.5 and equity of \$6.2 billion with \$11.7 billion of long-term liabilities. The parent reported net income of \$1.332 billion on net revenues of \$21.8 billion. Cash flows from operations totaled \$2.2 billion. In addition, the parent also has access to a \$1.75 billion line of credit. The parent company recently settled several lawsuits; however, there are still investigations and lawsuits pending that may have a material impact on the parent company. The outcomes of those lawsuits are unknown and cannot be quantified at this time.

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Staffing:

Schedule 6A shows 241.84 FTEs for the hospital project by the end of year two (December 31, 2009). An additional 18.85 FTEs will be contracted for various positions in the registration department, finance department, and materials management department. Schedule 6 has the FTEs broken down by hospital departments. Nursing FTEs include 86.58 RNs and 8.17 LPNs/all other nursing. The applicant indicates that its operating experience in Seminole County provides it with the knowledge and strategies to achieve required staffing levels. The applicant does not discuss the nursing shortage even though its Schedule 6A indicates a high number of RNs and very few LPNs.

Conclusion:

Based on the information provided, it appears that the applicant will have access to capital as needed to complete this project.

Oviedo HMA, Inc. (CON #9807 & 9807P): The audited financial statements of Oviedo HMA, Inc., for the period ending September 15, 2004 was analyzed for the purpose of evaluating the applicant's ability to provide the capital and operational funding necessary to implement the project.

The applicant is a development stage enterprise and a wholly owned subsidiary of Health Management Associates, Inc. The audited financial statements indicated the company had no assets or operating revenues as of the balance sheet date.

Funding for this project will come exclusively from the parent, Health Management Associates, Inc.

The audited financial statements of Health Management Associates, Inc., for the period ended September 30, 2003 were analyzed for the purpose of evaluating the parents ability provide the capital and operational funding necessary to implement the project.

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Health Management Associates, Inc.		
	<u>09/30/2003</u>	<u>09/30/2002</u>
Current Assets	\$ 1,093,336,000	\$ 695,786,000
Cash and Current Investment	\$ 395,338,000	\$ 123,736,000
Assets Restricted for Capital Projects	\$ -	\$ -
Total Assets	\$ 2,979,487,000	\$ 2,364,317,000
Current Liabilities	\$ 272,963,000	\$ 273,743,000
Total Liabilities	\$ 1,305,062,000	\$ 984,556,000
Net Equity	\$ 1,637,075,000	\$ 1,346,752,000
Total Revenues	\$ 2,560,576,000	\$ 2,262,601,000
Interest Expense	\$ 14,915,000	\$ 15,543,000
Net Income	\$ 283,424,000	\$ 246,436,000
Cash Flow from Operations	\$ 333,862,000	\$ 354,136,000
Working Capital	\$ 820,373,000	\$ 422,043,000
Current Ratio (CA/CL)	4.0	2.5
Cash Flow to Current Liabilities (CFO/CL)	1.2	1.3
Long-Term Debt to Net Assets (TL-CL/NE)	0.6	0.5
Times Interest Earned (NPO+Int/Int)	20.0	16.9
Net Assets to Total Assets (TE/TA)	54.9%	57.0%
Total Margin (ER/TR)	11.1%	10.9%
Return on Assets (ER/TA)	9.5%	10.4%
Operating Cash Flow to Assets (CFO/TA)	11.2%	15.0%

Short-term position:

Health Management Associates, Inc.'s (HMA) current ratio of 4.0 and cash flow to current liabilities ratio of 1.2 are both above average and indicate a strong short-term position. The working capital (current assets less current liabilities) of \$820.4 million is a measure of excess liquidity that could be used to fund capital projects. Overall, HMA has a strong short-term position.

Long-term position:

The ratio of long-term debt to net assets is 0.6 and indicates long-term debt is 60 percent of equity, a good position. The ratio of cash flow to assets of 11.2 percent is above average and a strong position. The most recent year had \$283.4 million in net income, which resulted in a total margin of 11.1 percent. Overall, HMA has a strong long-term position.

Capital requirements:

Schedule 2 indicates the applicant has capital funding needs of \$81.2 million for the 100-bed project and \$62.7 million for the partial request for the 60-bed project. As both projects will not be built, only the maximum of \$81.2 million will be considered.

Available capital:

Funding for this project will come exclusively from the parent, Health Management Associates, Inc., which provided a commitment letter for funding the projects.

Staffing:

For the 100-Bed Project:

Schedule 6A shows 456.7 FTEs for the hospital project by the end of year two (December 31, 2009). These FTEs include: 67.3 administration FTEs, 139.2 RNs FTEs, 28.9 LPNs FTEs, 40.2 nurses assistants FTEs, 23.2 other nursing FTEs, 99.5 ancillary personnel FTEs, 19.2 dietary personnel FTEs, 7.0 social services FTEs, 24.4 housekeeping personnel FTEs, and 7.8 plant maintenance FTEs. Schedule 6 did not show any physician FTEs. The applicant indicates that it does not anticipated any significant problems in staffing the proposed facility because of its established recruitment and retention plan and its parent company resources. The applicant provided a discussion of its recruitment and retention process. However, like co-batch applicant HCA, the applicant did not discuss the nursing shortage even though its Schedule 6A indicates a high number of RNs and very few LPNs.

For the 60-Bed Project:

Schedule 6A shows 316.9 FTEs for the hospital project by the end of year two (December 31, 2009). These FTEs include: 48.0 administration FTEs, 97.0 RNs FTEs, 19.2 LPNs FTEs, 29.0 nurses assistants FTEs, 15.5 other nursing FTEs, 65.9 ancillary personnel FTEs, 14.0 dietary personnel FTEs, 5.0 social services FTEs, 17.4 housekeeping personnel FTEs, and 6.0 plant maintenance FTEs. Schedule 6 did not show any physician FTEs.

Conclusion:

Health Management Associates, Inc. has the financial resources to fund either project.

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

The following applies to the financial review for both applicants. 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

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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.

Central Florida Regional Hospital, Inc. (CON #9805): The applicant has stated that the new hospital will serve the patient population in the following zip codes: 32707, 32708, 32732, 32732, 32765, 32766, 32773, 32792, 32817, 32820, and 32826. The reviewer tested the case mix data, using the 31,032 patients discharged from the indicated zip codes during 2003, excluding DRG's for services not provided. The computed case mix index for these cases was 1.1139. Therefore, based on the range of services offered, number of beds and estimated patient days, as well as the computed case mix index; the applicant will be compared to the hospitals in Group 2. Per diem rates are projected to increase by an average of 3.5 percent per year. Inflation adjustments were based on the new CMS Market Basket, 2nd Quarter, 2004.

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.

Projected net revenue per adjusted patient day (NRAPD) of \$1,938 in year one and \$2,017 in year two is between the control group median and highest values of \$1,604 and \$2,505 in year one and \$1,655 and \$2,585 in year two. The highest level is generally viewed as the practical upper limit on economies of operation. With net revenues falling between the median and highest level, the facility is expected to consume health care resources in proportion to the services provided. (See Comparative Table).

Anticipated costs per adjusted patient day (CAPD) of \$2,397 in year one exceeds the highest value in the group of \$2,354. The highest level is generally viewed as the practical upper limit on economies of operation.

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Anticipated CAPD of \$2,295 in year two is between the control group median and highest values of \$1,604 and \$2,430. (See Comparative Table). It should be noted that this application is for a new acute care hospital. The first year of operation has a below average occupancy rate. The low occupancy rate decreases economies of scale and as the occupancy rate increases, CAPD would be expected to decrease.

The year two projected operating loss is \$6.6 million, which computes to an operating margin per adjusted patient day of a negative \$278. This is between the control group median and lowest value of \$87 and a negative \$400. The group 2 data is derived from mature hospitals. As discussed above, this application is for a new acute care hospital and economies of scale will not likely be realized until the projected occupancy rate increases. The applicant is projecting an operating profit in year five of the project with an occupancy rate of 75 percent.

Although the applicant is projecting a significant loss for several years, the parent company appears to have sufficient funds to support the project until an operating profit can be reached. Based on the above, the long-term financial feasibility of this project appears likely.

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COMPARATIVE TABLE

CENTRAL FLORIDA REGIONAL HOSPITAL, INC.

CON # 9805 2003 DATA Peer Group 2	2009	YEAR 2	VALUES ADJUSTED		
	YEAR 2	ACTIVITY	FOR INFLATION		
	<u>ACTIVITY</u>	<u>PER DAY</u>	<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
ROUTINE SERVICES	75,928,835	3,179	1,531	548	263
INPATIENT AMBULATORY	0	0	184	107	0
INPATIENT SURGERY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES	0	0	5,213	2,617	1,179
OUTPATIENT SERVICES	74,364,306	3,113	4,969	2,301	1,233
TOTAL PATIENT SERVICES REV.	<u>150,293,141</u>	<u>6,292</u>	<u>9,830</u>	<u>5,416</u>	<u>3,775</u>
OTHER OPERATING REVENUE	<u>225,831</u>	<u>9</u>	<u>40</u>	<u>8</u>	<u>1</u>
TOTAL REVENUE	<u><u>150,518,972</u></u>	<u><u>6,302</u></u>	<u><u>9,837</u></u>	<u><u>5,423</u></u>	<u><u>3,794</u></u>
DEDUCTIONS FROM REVENUE	<u>102,334,617</u>	<u>4,284</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET REVENUES	<u><u>48,184,355</u></u>	<u><u>2,017</u></u>	<u><u>2,585</u></u>	<u><u>1,655</u></u>	<u><u>1,282</u></u>
EXPENSES					
ROUTINE	7,793,779	326	319	241	151
ANCILLARY	10,969,573	459	758	513	361
AMBULATORY	<u>3,343,010</u>	<u>140</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PATIENT CARE COST	<u>22,106,362</u>	<u>926</u>	<u>0</u>	<u>0</u>	<u>0</u>
ADMIN. AND OVERHEAD	12,597,394	527	0	0	0
PROPERTY	<u>13,300,641</u>	<u>557</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OVERHEAD EXPENSE	<u>25,898,035</u>	<u>1,084</u>	<u>1,379</u>	<u>773</u>	<u>529</u>
OTHER OPERATING EXPENSE	<u>6,821,410</u>	<u>286</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENSES	<u><u>54,825,807</u></u>	<u><u>2,295</u></u>	<u><u>2,430</u></u>	<u><u>1,604</u></u>	<u><u>1,187</u></u>
OPERATING INCOME	-6,641,452	-278	210	87	-400
		-13.8%			
PATIENT DAYS	12,049				
ADJUSTED PATIENT DAYS	23,886				
TOTAL BED DAYS AVAILABLE	21,900				
ADJ. FACTOR	0.5044				
TOTAL NUMBER OF BEDS	60				
PERCENT OCCUPANCY	55.02%				
	<u>PATIENT</u>				
	<u>DAYS</u>	<u>% TOTAL</u>			
PAYER TYPE					
SELF PAY	693	5.8%			
MEDICAID	945	7.8%	27.1%	9.3%	1.5%
MEDICAID HMO	0	0.0%			
MEDICARE	5,628	46.7%	82.7%	56.4%	27.8%
MEDICARE HMO	0	0.0%			
INSURANCE	400	3.3%			
HMO/PPO	4,383	36.4%	45.7%	21.4%	0.0%
OTHER	<u>0</u>	<u>0.0%</u>			
TOTAL	<u><u>12,049</u></u>	<u><u>100%</u></u>			

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Oviedo HMA, Inc. (CON #9807 & 9807P): Comparative data were derived from hospitals in peer groups that reported data in 2003. The applicant has stated that the new hospital will serve the patient population in the following zip codes: 32765, 32766, 32732, and 32708 except for tertiary care patients who will continue to be admitted to other hospitals. The reviewer tested the case mix data, using the 10,232 patients discharged from the indicated zip codes during 2003, excluding DRG's for services not provided. The computed case mix index for these cases was 1.0862. Therefore, based on the range of services offered, number of beds and estimated patient days, as well as the computed case mix index; the applicant will be compared to the hospitals in Group 2. Per diem rates are projected to increase by an average of 3.4 percent per year. Inflation adjustments were based on the New CMS Hospital Market Basket Index for the 2nd Quarter of 2004 as published in the Health Care Cost Review.

The applicant used different market share assumptions for the 100-bed facility than for the 60-bed. Revenues and expenses for the 100-bed facility were developed assuming a 40 and 45 percent market share for year one and year two respectively, while for the 60-bed hospital the projections assumed a 26 and 33 percent market share. The applicant did not explain the reasoning behind these differences. Market share would be the same regardless of bed size, given that the same services are to be provided.

For the 100-Bed Project:

Projected net revenue per adjusted patient day (NRAPD) of \$1,434 in year one and \$1,477 in year two are between the control group median and lowest values of \$1,564 and \$1,211 in year one and \$1,614 and \$1,250 in year two. The highest level is generally viewed as the practical upper limit on economies of operation. With net revenues falling between the median and lowest level, the facility is expected to consume health care resources in proportion to the services provided. (See Comparative Table).

Projected cost per adjusted patient day of \$1,371 in year one and \$1,322 in year two is between the group median and lowest values of \$1,516 and \$1,122 in year one and \$1,564 and \$1,158 in year two. Compared to the control group these costs are efficient. (See Comparative Table).

The year two operating profit for the hospital of \$6.04 million computes to an operating margin per adjusted patient day of \$155 which is between the control group median and highest values of \$82 and \$272. The computed operating margin ratio is 10.5 percent.

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This project appears to be financially feasible if the underlying assumptions are valid. However, as noted above, the applicant used greatly differing market share assumptions for each project. This calls into doubt the projections as a whole, as outcomes would be very different for the 100-bed facility using the same market share assumptions as used for the 60-bed.

**Comparative Table
100-Bed Project**

CON # 9807 100 Beds Oviedo HMA, Inc. 2003 DATA Peer Group 2	2009	YEAR 2	VALUES ADJUSTED		
	YEAR 2	ACTIVITY	FOR INFLATION		
	ACTIVITY	PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	33,657,782	863	1,493	534	276
INPATIENT AMBULATORY	-	0	179	104	0
INPATIENT ANCILLARY SERVICES	130,446,670	3,346	5,084	2,552	1,149
OUTPATIENT SERVICES	104,060,319	2,669	4,846	2,244	1,202
OTHER OPERATING REVENUE	146,741	4	39	8	1
TOTAL REVENUE	268,311,512	6,881	9,593	5,288	3,699
DEDUCTIONS FROM REVENUE	210,738,604	5,405	*	*	*
NET REVENUES	57,572,908	1,477	2,521	1,614	1,250
EXPENSES					
ROUTINE	12,268,075	315	311	235	147
ANCILLARY	15,539,754	399	739	500	352
AMBULATORY		44			
OVERHEAD	22,026,520	565	1,345	754	515
OTHER		0			
TOTAL EXPENSES	51,533,231	1,322	2,369	1,564	1,158
OPERATING INCOME	6,039,677	155	272	82	-455
		10.5%			
PATIENT DAYS	23,848		VALUES NOT ADJUSTED		
ADJUSTED PATIENT DAYS	38,992		FOR INFLATION		
TOTAL BED DAYS AVAILABLE	36,500				
ADJ. FACTOR	0.6				
TOTAL NUMBER OF BEDS	100				
PERCENT OCCUPANCY	65%		83%	52%	18%
PAYER TYPE	PATIENT DAYS	% TOTAL			
MEDICARE	11,165	46.8%	82.7%	56.4%	27.8%
COMMERCIAL	947	4.0%			
MEDICAID	1,693	7.1%	27.1%	9.3%	1.5%
SELF-PAY	873	3.7%			
HMO/PPO	8,731	36.6%	45.7%	21.4%	0.0%
OTHER	439	1.8%			
TOTAL	23,848	100.0%			

For the 60-bed project:

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Projected net revenue per adjusted patient day (NRAPD) of \$1,433 in year one and \$1,475 in year two are between the control group median and lowest values of \$1,564 and \$1,211 in year one and \$1,614 and \$1,250 in year two. The highest level is generally viewed as the practical upper limit on economies of operation. With net revenues falling between the median and lowest level, the facility is expected to consume health care resources in proportion to the services provided. (See Comparative Table).

Projected cost per adjusted patient day of \$1,426 in year one and \$1,324 in year two is between the group median and lowest values of \$1,516 and \$1,122 in year one and \$1,564 and \$1,158 in year two. Compared to the control group these costs are efficient. (See Comparative Table).

The year two operating profit for the hospital of \$4.05 million computes to an operating margin per adjusted patient day of \$151 which is between the control group median and highest values of \$82 and \$272. The computed operating margin ratio is 10.2 percent.

This project appears to be financially feasible if the underlying assumptions are valid. However, as noted above, the applicant used greatly differing market share assumptions for each project. This calls into doubt the projections as a whole, as outcomes would be very different for the 60-bed facility using the same market share assumptions as used for the 100-bed.

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**Comparative Table
60-Bed Project**

CON # 9807 - 60 Beds Oviedo HMA, Inc. 2003 DATA Peer Group 2	2009	YEAR 2	VALUES ADJUSTED		
	ACTIVITY	ACTIVITY	FOR INFLATION		
		PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	23,162,916	865	1,493	534	276
INPATIENT AMBULATORY	-	0	179	104	0
INPATIENT ANCILLARY SERVICES	89,771,966	3,351	5,084	2,552	1,149
OUTPATIENT SERVICES	70,792,361	2,643	4,846	2,244	1,202
OTHER OPERATING REVENUE	100,536	4	39	8	1
TOTAL REVENUE	183,827,779	6,863	9,593	5,288	3,699
DEDUCTIONS FROM REVENUE	144,316,953	5,388	*	*	*
NET REVENUES	39,510,826	1,475	2,521	1,614	1,250
EXPENSES					
ROUTINE	8,395,835	313	311	235	147
ANCILLARY	10,726,825	400	739	500	352
AMBULATORY		42			
OVERHEAD	15,211,201	568	1,345	754	515
OTHER		0			
TOTAL EXPENSES	35,463,294	1,324	2,369	1,564	1,158
OPERATING INCOME	4,047,532	151	272	82	-455
		10.2%			
PATIENT DAYS	16,456		VALUES NOT ADJUSTED		
ADJUSTED PATIENT DAYS	26,786		FOR INFLATION		
TOTAL BED DAYS AVAILABLE	21,900				
ADJ. FACTOR	0.6				
TOTAL NUMBER OF BEDS	60				
PERCENT OCCUPANCY	75%		83%	52%	18%
PAYER TYPE	PATIENT DAYS	% TOTAL			
MEDICARE	7,883	47.9%	82.7%	56.4%	27.8%
COMMERCIAL	662	4.0%			
MEDICAID	1,162	7.1%	27.1%	9.3%	1.5%
SELF-PAY	610	3.7%			
HMO/PPO	5,832	35.4%	45.7%	21.4%	0.0%
OTHER	307	1.9%			
TOTAL	16,456	100.0%			

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

Central Florida Regional Hospital, Inc. (CON #9805): The applicant forecasts managed care levels at 36.4 percent, which is between control group median and highest level of 21.4 and 45.7 percent. With the projected managed care level between the median and highest values in the control group, these levels if realized are likely to have a positive impact on competition.

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Oviedo HMA, Inc. (CON #9807 & 9807P):

For the 100-bed project:

The applicant forecasts managed care levels at 36.6 percent, between the highest and median levels of the control group of 45.7 and 21.4 percent. This level, if realized, will have a positive impact on competition to promote quality assurance and cost-effectiveness.

For the 60-bed project:

The applicant forecasts managed care levels at 35.4 percent, between the highest and median levels of the control group of 45.7 and 21.4 percent. This level, if realized, will have a positive impact on competition to promote quality assurance and cost-effectiveness.

The following chart provides a comparison of the applicants net revenue per adjusted patient day, cost per adjusted patient day, operating profit margin per adjusted patient day, and the estimated managed care and Medicaid level.

District 7 Acute Care Hospital Projects			
	Central Florida Regional Hospital, Inc.	Oviedo HMA, Inc. 60 beds	Oviedo HMA, Inc. 100 beds
CON Number	9805	9807	9807
Net Revenue per adjusted pt. day	\$2,017	\$ 1,475	\$ 1,477
Cost per adjusted patient day	\$2,295	\$ 1,324	\$ 1,323
Operating profit per patient day	(\$278)	\$ 151	\$ 155
Estimated Managed Care level	36.40%	35.40%	36.60%
Estimated Medicaid level	7.80%	7.10%	7.10%

Source: CON applications 9805, 9807 and 9807P

- f. 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.**

Central Florida Regional Hospital, Inc. (CON #9805) proposes to build an acute care hospital in Seminole County by transferring 60 beds from Central Florida Regional Hospital. The AHCA Office of Plans and Construction will have to know the disposition of the bed spaces that will be vacated to create this facility if this application is approved. There will be a medical office building associated with the new hospital.

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The site for the new hospital has been selected but there was no readily apparent information as to its elevation and the flood plain and hurricane issues related to disaster preparedness. These requirements are in the Florida Building Code.

There are 1/16" = 1'-0" overall plans of the hospital and large scaled plans of two typical patient rooms and an ICU room. The overall plans are single line schematic drawings and this is all that needs to be submitted. All the patient rooms are private and this is a general hospital with a full-range of spaces and departments.

The facility is planned to have three stories initially with provisions for adding three additional floors to the patient tower and one additional floor for women's services and intensive care. Most of the facility has single-loaded corridors for the patient room areas and larger core areas for support functions and the various suites. All functions are well organized which is to be expected since the design professional has considerable health care experience.

Included in the facility are six LDR's, an ICU, four OR's and various other labs and functions. There is a full-service emergency department, but it has no labeled decontamination space which is required by The Guidelines, 7.9.D.25.

On the large-scaled plans, both of the typical patient rooms have the mandatory lavatory in the room as well as one in the toilet room. Both of the typical toilet rooms are handicapped-accessible and have a shower large enough to accommodate a patient in a wheelchair and possibly on a gurney. The ICU rooms will need to have a knee wall at the side of the toilet.

There is a mostly correct list of applicable codes. The information from Schedule 10 indicates that sufficient time has been allowed for construction. The projected cost for the construction appears to be reasonable for this type of facility and the extent of the construction required.

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There is an extensive space program in the narrative that listed all the projected spaces and their sizes. This is not required at the schematic phase, but indicates that the design professionals have worked with the owner in preparation for the design of the facility.

There are references to major renovations and minor renovations and there is no readily evident explanation as to what they mean. They might refer to renovations that will have to take place when additional floors are added.

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.

Oviedo HMA, Inc. (CON #9807 & #9807P): CON Application #9807 is a two-part submission. In addition to the request for 100 beds, there is a partial request for 60 beds. The 100-bed plan is a new iteration of a hospital design that has been reviewed architecturally several times for previous CONs. There have been some changes in the location of some departments and a few minor changes to the exterior expression. Some of the changes are in response to prior CON architectural reviews and some to recent code changes. Overall, this plan is more developed and refined and appears to be quite workable.

Review comments were made before about the possibility of congestion at the front entry with three major drop-off points relatively close to each other, but the design professionals evidently do not believe that this could be a problem.

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Basically, the shape and the massing of the building have stayed about the same since this design was first reviewed.

The site for the new hospital has been selected but there was no readily apparent information as to its elevation and the flood plain and hurricane issues related to disaster preparedness. These requirements are in the Florida Building Code.

Separate plans were submitted for both the 100-bed building and the 60-bed version. The cover sheets of both volumes show the 60-bed facility.

(CON #9807) 100-bed facility: This plan is more like the previous versions that have been reviewed than the 60-bed version. The 100-bed plan is for a three-story facility designed for future expansion, at least horizontally.

The first floor corridor system has been reworked and should make way finding relatively easy for a facility of this size. The arrangement provides a good circulation flow that limits the amount of cross-traffic between staff, patients, and the general public. The first floor has four operating room surgical suite, one cystoscopy room, and the imaging and emergency departments. The facility administrative areas and kitchen/dining areas are also on this floor. All the patient rooms are located on the 2nd and 3rd floors with obstetrics mainly on the 3rd floor. The second floor has a 12-bed ICU.

The patient rooms are all private and spacious and each has a toilet/shower room large enough to accommodate a patient in a wheelchair and possibly on a gurney. The ICU rooms will need to be revised so that the toilet unit does not encroach on the required 13' for the headwall as required by The Guidelines, paragraph 7.3.A3. They will also need a knee wall as well as a cubicle curtain to help shield the toilet unit from the corridor.

A note of the sheet with the large-scale patient room layouts says that they are all accessible for the handicapped, but one toilet room does not show the 5' wheelchair turning circle. This is probably a drafting error that has not been corrected from previous versions of the building.

Comments about the patient rooms and previous body holding issues have been corrected, reflecting code changes. The emergency department has no labeled decontamination room, which is required by The Guidelines, paragraph 7.9.D.25.

(CON #9807) 60-bed facility: Obviously, this plan is smaller than the 100-bed version and it too, has three floors. The building has been

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flipped, but its shape and massing are almost identical to the larger building at least in the front. The first floor has most of the same suites as the larger plan, but their scope has changed. There are only three ORs and one endo/cysto room and the other departments all seem to be smaller. Most of the first floor functions are in the same relative place that they occupy in the larger building.

The other two floors are equally similar to the larger facility. This plan also has space indicated for future expansion. It is unusual in a scenario such as this, where there is both a large and small version, that the smaller plan is not planned and cannot be expanded and become essentially like the larger one. The 100-bed plan has much more square footage indicated for expansion.

It appears that the smaller facility is intended to always be smaller than would be the case if the larger facility is the one that is approved. Even the energy plant is smaller, even though it has a second floor. It looks as if it could be expanded somewhat on the ground floor if needed.

There is no reason given for why this plan is a mirror image conceptually of the larger building. Usually the site dictates the orientation of the building, and if the building fits the site in one design, then it might be expected that the other plan would have the same orientation. This is not the case here, and the situation is certainly acceptable, but not what might be expected.

As the cost tabulations show, building the 60-bed version of the building will be somewhat less cost-effective than the proposed 100-bed version, which is to be expected. Most of the Site work will still have to be done and the infrastructure of the building and site will still need to be constructed to accommodate the future planned square footage.

Comments about the patient rooms above also apply to this version. The body holding issues have been solved as they were in the other scheme. A decontamination room is still required.

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The information from Schedule 10 indicates that sufficient time has been allowed for construction. The projected cost for the construction appears to be reasonable for this type of facility and the extent of the construction required. There are extensive outline specifications in the narrative.

The most common applicable building codes are listed and are slightly out of date in their reference to The Florida Building Code revisions. The plans for both versions of the hospital been well thought-out and the layouts of each floor appear to be functional and convenient for both patients and staff, which is to be expected since the design professional has considerable health care experience.

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.

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

The following chart compares the applicants' parent corporations, Hospital Corporation of America and Health Management Associates Florida acute care facilities provision of Medicaid and charity care during fiscal year 2003.

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Hospital Corporation of America (HCA) & Health Management Associates (HMA) Florida Acute Care Facilities Medicaid & Charity Care % Patient Days - FY 2003		
	% Charity Care	% Medicaid
HCA Facilities		
Aventura Hospital and Medical Center	1.1%	8.6%
Blake Medical Center	0.8%	2.7%
Brandon Regional Hospital	0.4%	15.9%
Capital Regional Medical Center	1.0%	10.8%
Cedars Medical Center	2.3%	24.1%
Central Florida Regional Hospital	1.5%	10.7%
Columbia Hospital	1.6%	21.1%
Community Hospital	1.1%	13.1%
Doctors Hospital of Sarasota	0.7%	3.7%
Edward White Hospital	0.8%	8.5%
Englewood Community Hospital	0.9%	1.8%
Fawcett Memorial Hospital	0.5%	2.9%
Fort Walton Beach Medical Center	1.6%	10.9%
Gulf Coast Hospital	0.8%	32.2%
Gulf Coast Medical Center	0.8%	17.9%
JFK Medical Center	1.2%	8.5%
Kendall Regional Medical Center	1.8%	17.5%
Lake City Medical Center	1.0%	5.4%
Largo Medical Center	0.8%	3.8%
Lawnwood Regional Medical Center	2.7%	22.2%
North Florida Regional Medical Center	1.6%	8.2%
Northside Hospital	1.6%	7.4%
Northwest Medical Center	7.4%	10.8%
Oak Hill Hospital	0.9%	4.4%
Ocala Regional Medical Center	1.2%	7.8%
Orange Park Medical Center	1.8%	13.4%
Osceola Regional Medical Center	2.1%	16.7%
Palms West Hospital	1.8%	24.5%
Plantation General Hospital	1.2%	20.9%
Raulerson Hospital	2.9%	5.9%
Regional Medical Center Bayonet Point	0.6%	4.6%
South Bay Hospital	0.2%	3.7%
Southwest Florida Regional Medical Center	0.8%	6.3%
St. Lucie Medical Center	1.3%	7.0%
St. Petersburg General Hospital	1.8%	13.9%
Twin Cities Hospital	1.4%	5.3%
University Hospital & Medical Center	1.2%	7.8%
West Florida Hospital	0.8%	10.2%
Westside Regional Medical Center	0.9%	4.7%
HMA Facilities		
Brooksville Regional Hospital	3.3%	14.5%
Charlotte Regional Medical Center	1.4%	2.9%
Fisherman's Hospital	2.2%	6.5%
Heart of Florida Regional Medical Center	3.9%	17.8%
Highlands Regional Medical Center	2.1%	11.5%
LeHigh Regional Medical Center	4.0%	17.6%
Lower Keys Medical Center	8.7%	19.7%
Pasco Regional Medical Center	2.2%	14.1%
Santa Rosa Medical Center	3.0%	17.6%
Sebastian River Medical Center	2.3%	3.4%
Seven River Regional Medical Center	1.4%	6.3%

Source: AHCA Actual Hospital Financial Data FY 2003.

Central Florida Regional Hospital, Inc. (CON #9805) and its parent corporation's affiliates Florida hospitals have a history of the provision of services to charity care and Medicaid patients. The applicant proposes to condition CON approval upon providing 1.74 percent of total annual patient days to charity care, providing 7.8 percent of total annual patient days to Medicaid, and the proposed satellite hospital being located in District 7, Subdistrict 4, Seminole County. The applicant currently has no conditions on its existing acute care beds.

Notes to Schedule 7A indicate that indicate the facility will provide 7.8 percent of its total year two inpatient days to Medicaid and Medicaid HMO patients. Charity care patients are included in the "Self-pay/Other" column along with workers compensation, Champus, VA, and other government patients. The applicant indicates that charity care represents 1.74 percent of total inpatient days, which is consistent with the experience of the service area.

Oviedo HMA, Inc. (CON #9807 & #9807P) does not have an operational history. However, the parent corporation's affiliated Florida hospitals do have a history of the provision of services to the medically charity care and Medicaid patients. The applicant proposes on its *Conditions* page, to condition the project to accept all Medicaid and indigent care patients that are clinically appropriate for services offered by Oviedo HMA, Inc. and to provide an obstetrical service at the facility. Schedule 7A indicates that the facility will provide 7.1 percent of its total year two inpatient days to Medicaid patients (no Medicaid HMO shown). Notes to this schedule indicate that charity care patients are projected to account for 2.9 percent of the facility's gross revenues. The applicant indicates that this projection is based on the "Sarasota Market" and HMA's experience in Florida.

F. SUMMARY

Central Florida Regional Hospital, Inc. (CON #9805) proposes to establish a new satellite hospital via the relocation of 60 acute care beds from its existing 208 acute care beds at Central Florida Regional Hospital, located in District 7, Subdistrict 4 (Seminole County). The proposed satellite hospital will also be located Seminole County. The 60-bed satellite hospital will provide ancillary and support diagnostic and treatment services including, emergency, surgical services, cardiac diagnostic services, imaging services, and obstetric services.

The proposed project consists of 173,335 GSF of new construction at a construction cost of \$36,400,350. The project involves a total cost of \$93,630,559.

Need/Other Special Circumstances:

The Agency published no need for acute care beds in District 7, Subdistrict 4. However, the following factors are relevant to the application:

- The population in the applicant's 10 zip code service area will increase of approximately 15 percent over the next five years.
- Oviedo area residents needing hospitalization are out-migrating to facilities outside the county. A large number of residents residing in Oviedo's two zip code area, are out-migrating to facilities in Orange County for ER, acute care, obstetrical (normal newborns DRGs 390-391) services.
- Although HCA serves a portion of Seminole County, it does not serve a significant portion of the Oviedo area.

Quality of Care:

The applicant demonstrated the ability to provide quality care.

Medicaid/charity care:

The applicant and its parent corporation's affiliate Florida hospitals have a history of the provision of services to charity care and Medicaid patients. The applicant proposes to condition CON approval upon providing 1.74 percent of total annual patient days to charity care, providing 7.8 percent of total annual patient days to Medicaid, and the proposed satellite hospital being located in District 7, Subdistrict 4, Seminole County.

Notes to Schedule 7A indicate that indicate the facility will provide 7.8 percent of its total year two inpatient days to Medicaid and Medicaid HMO patients. Charity care patients are included in the "Self-pay/Other" column along with workers compensation, Champus, VA, and other government patients. The applicant indicates that charity care represents 1.74 percent of total inpatient days, which is consistent with the experience of the service area.

Financial Feasibility:

Overall, the applicant has an adequate short-term and long-term position. Funding for these projects and expenditures will come from a parent inter-company loan and the applicant provided a commitment letter from the parent company to fund the project. It appears that the applicant will have access to capital as needed to complete this project and the long-term financial feasibility of this project appears likely.

The applicant forecasts managed care levels at 36.4 percent, which is between control group median and highest level of 21.4 and 45.7 percent. The financial review determined that this level of managed care is likely to have a positive impact on competition, or to promote quality assurance and cost-effectiveness.

Architectural Analysis:

All of the patient rooms in the 60-bed acute care facility will be private the facility's support functions appear to be well organized. The information from Schedule 10 indicates that sufficient time has been allowed for construction. The projected cost for the construction appears to be reasonable for this type of facility and the extent of the construction required.

Oviedo HMA, Inc. (CON #9807) proposes to construct a 100-bed acute care hospital in Oviedo, Florida (District 7, Subdistrict 4, Seminole County). The applicant is a wholly owned subsidiary of Health Management Associates, Inc. (HMA) operating 53 hospitals in 16 states. Fourteen of HMA's facilities are located in Florida.

The proposed project consists of new construction of 202,766 GSF at a construction cost of \$40,553,200. The project involves a total cost of \$81,199,924.

Oviedo HMA, Inc. (CON #9807P) proposes to construct a 60-bed acute care hospital in Oviedo, Florida. The 60-bed facility complement would consist of 47 medical/surgical beds, eight intensive care beds, five obstetric GYN beds, and two observation beds.

The partial project involves a 133,081 GSF of new construction at a construction cost of \$26,616,200. The project involves a total cost of \$62,734,334.

Need/Other Special Circumstances:

The Agency published no need for acute care beds in District 7, Subdistrict 4. However, the applicant stated that due to population growth, lack of access, utilization of existing providers, travel distance and traffic congestion are among the factors that justifying approval of a new hospital in the Oviedo area. The applicant is proposing to establish a new acute care hospital in a high growth area. Furthermore, Oviedo area residents needing hospitalization are out-migrating to facilities outside the county. A large number of residents residing in Oviedo's two zip code area, are out-migrating to facilities in Orange County for ER, acute care, obstetrical (normal newborns DRGs 390-391) services.

While the applicant does not currently serve this area, it has the support of Orlando Regional Medical Center (ORMC), which does serve the Oviedo population.

Staff at ORMC indicate a willingness to establish a close working relationship between ORMC and HMA to enhance patient care and states that ORHs physicians reside in the Oviedo area and are eager to practice at a new community hospital.

Quality of Care:

The applicant does not have an operational history. However, the parent corporation's affiliated Florida hospitals have demonstrated the ability to provide quality care.

Medicaid/charity care:

The applicant does not have an operational history. However, the parent corporation's affiliated Florida hospitals do have a history of the provision of services to the medically charity care and Medicaid patients. The applicant proposes on its *Conditions* page, to condition the project to accept all Medicaid and indigent care patients that are clinically appropriate for services offered by Oviedo HMA, Inc. and to provide an obstetrical service at the facility. Schedule 7A indicates that the facility will provide 7.1 percent of its total year two inpatient days to Medicaid patients (no Medicaid HMO shown). Notes to this schedule indicate that charity care patients are projected to account for 2.9 percent of the facility's gross revenues.

Financial Feasibility:

Overall, HMA has a strong short-term and long-term position. Funding for this project will come exclusively from the parent, Health Management Associates, Inc., which provided a commitment letter for funding the projects. It appears that parent has the financial resources to fund either project. Financially feasible of either project appears likely if the assumptions are valid. However, the applicant used greatly differing market share assumptions for each project. This calls into doubt the projections as a whole, as outcomes would be very different for the 60-bed facility using the same market share assumptions as used for the 100-bed and vice versa.

For the 100-bed project, the applicant forecasts managed care levels at 36.6 percent, between the highest and median levels of the control group of 45.7 and 21.4 percent. The financial review determined that this level of managed care is likely to have a positive impact on competition, or to promote quality assurance and cost-effectiveness.

For the 60-bed project, the applicant forecasts managed care levels at 35.4 percent, between the highest and median levels of the control group of 45.7 and 21.4 percent. The financial review determined that this level of managed care is likely to have a positive impact on competition, or to promote quality assurance and cost-effectiveness.

Architectural Analysis:

Oviedo HMA, Inc. (CON #9807 & #9807P): The information from Schedule 10 indicates that sufficient time has been allowed for construction. The projected cost for the construction appears to be reasonable for this type of facility and the extent of the construction required.-

The plans for both versions of the hospital been well thought-out and the layouts of each floor appear to be functional and convenient for both patients and staff.

(CON #9807) 100-bed facility: The arrangement provides a good circulation flow that limits the amount of cross-traffic between staff, patients, and the general public. The patient rooms are all private and spacious and each has a toilet/shower room large enough to accommodate a patient in a wheelchair and possibly on a gurney. The ICU rooms will need to some revision to meet requirement in the Guidelines.

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(CON #9807) 60-bed facility: This plan is a mirror image conceptually of the larger building and also has space indicated for future expansion. It is unusual in a scenario such as this, where there is both a large and small version, that the smaller plan is not planned and cannot be expanded and become essentially like the larger one. The 100-bed plan has much more square footage indicated for expansion. It appears that the smaller facility is intended to always be smaller than would be the case if the larger facility was approved. This 60-bed plan differs from the co-batch applicant in that HCA's facility is planned to have three stories initially with the provisions for adding three additional floors to the patient tower and one additional floor for the women's and intensive care.

As the cost tabulations show, building the 60-bed version of the building will be somewhat less cost-effective than the proposed 100-bed version, which is to be expected.

G. RECOMMENDATION

Approve CON #9807P to establish a 60-bed acute care hospital in Oviedo, Florida. The project involves 133,081 GSF of new construction and \$26,616,200 in construction costs. Total project cost is \$62,734,334.

CONDITIONS:

1. A minimum of 7.1 percent of the total annual patient days in the 60-bed facility shall be provided to Medicaid patients.
2. A minimum of 2.9 percent of the 60-bed facility's gross revenues shall be provided to charity patients.

Deny CON #9805 and CON #9807.

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