

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Youth & Family Centered Services, Inc.
d/b/a Tampa Bay Academy/CON #9832
12012 Boyette Road
Riverview, Florida 33569

Authorized Representative: Edward C. Hoefle, MA, CBHE
(813) 677-6700

2. Service District/County

District 6 (Hillsborough County)

B. PUBLIC HEARING

A public hearing was not held or requested. However, support letters for the establishment of a 98-bed intensive residential treatment facility (IRTF) to provide inpatient psychiatric services for children and adolescents were submitted as follows:

Youth and Family Centered Services, Inc. d/b/a/ Tampa Bay Academy (CON #9832) submitted 27 unduplicated letters of support for this project, the majority of which were form letters. Six of the letters were from area representatives: Representative A. Trey Traviesa (Florida House of Representatives, District 56) and Hillsborough County Commissioners: Ken Hagan (District 2), Ronda A. Storms (District 4), Jim Norman (District 5), Brian Blair (District 6) and former Commissioner Joe Chillura. They state that at this time there are no psychiatric facilities or licensed hospital psychiatric beds that provide extended care to children and adolescents in Hillsborough County, which has the third highest

child and adolescent population in the state. They contend that this application will not change the services provided by Tampa Bay Academy (a JCAHO accredited facility) but will change the way that Tampa Bay Academy is viewed by commercial insurance policies which would “be better able to utilize Tampa Bay Academy as a resource under their policy requirements.”

In addition, nine area physicians offered their support along with Jean Mayer, V.P., Strategic Services for Tampa General Hospital, Donald F. Willets from Lakeland Regional Medical Center, Richard Sisbarro of Morton Plant Hospital. Though not quantified, the letter from one physician, Dr. Noonan, states that the number of calls his office receives on a daily basis from parents asking for help regarding psychiatric services for their children is overwhelming.

One letter each was received from the University of South Florida’s Kailie R. Shaw, M.D., Professor, Vice Chair and Director of Education; and Jordan T. Knab, Ed.S. Research Faculty, TIP Director, Florida Mental Health Institute. Though details were not provided, Dr. Shaw indicates that in the past there was a training relationship with Tampa Bay Academy for the placement of resident physicians doing advanced training in child and adolescent psychiatry and it is planned that, pending approval of this application, this training opportunity would be again be available. She did not clarify why the training relationship is dependant upon approval of this project or what happened with the previous training relationship.

Also supporting the project were: School District of Hillsborough County’s Donnie W. Evans, Ed.D., Chief District Academic Officer; and Charlene Staley, Ed.D., Charter School Liaison; the Executive Director of the Florida Charter School Resource Center, Christy Noe, Ph.D.; Arnold Andrews of Catholic Charities Diocese of St. Petersburg; Debbie Spellman¹, Regional Program Administrator, Substance Abuse and Mental Health Program Office for the Department of Children and Families; and Jeff Rainey, Hillsborough Kids, Inc. Mr. Rainey points out that under the current situation a number of insurance providers will not pay for psychiatric services at Tampa Bay Academy because it is not licensed as an IRTF/special hospital.

The parent of a previous Tampa Bay Academy patient wrote that she doesn’t think her child would be alive today if it had not been for the time her child spent at Tampa Bay Academy. The parent expressed frustration with dealing with the family’s insurance company and

¹ It is noted that Ms. Spellman’s original signed letter was received by the Agency timely on April 4, 2005. The copy in the application is unsigned.

supports this project stating that she would support anything that would enable parents to have another option to get help and coverage as very few people can afford this option on a private level.

Although the letters expressed concern over there being no IRTF in Hillsborough County, they did not indicate that those needing the services in District 6 were unable to obtain them.

C. PROJECT SUMMARY

Youth and Family Centered Services, Inc. d/b/a/ Tampa Bay Academy (CON #9832) is licensed by the Department of Children and Families to operate 112 child care beds to provide residential treatment to children and adolescents (aged 14-17) experiencing behavioral health problems. It seeks approval to license 98 of these beds as child/adolescent IRTF beds. Its campus also includes the Charter School of Tampa Bay Academy, which is accredited by the Southern Association of Colleges and Schools to provide special education program for grades K-12 as well as several group homes. A sub-population (15-20 percent) of its patients consists of hearing-impaired children with emotional and/or psychiatric problems.

As conditions of approval, the applicant agrees that (1) a minimum of 15 percent of the new IRTFs patient days will be provided to Medicaid/charity care patients, and (2) the specific site of the facility as Tampa Bay Academy, 12012 Boyette Road, Riverview, Florida 33569.

The proposed project cost is estimated at \$45,625. There are no construction or renovation costs and the applicant did not provide the total amount of space involved.

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 meet 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, Tina Mazanek, analyzed the application in its entirety with consultation from the Financial Analyst, John Williamson, who evaluated the financial data, and the Architect, Joel Hill, who evaluated the architectural and the schematic drawings as part of the application.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Ch. 59C-1.008 and 59C-1.040, Florida Administrative Code.

In Volume 31, Number 4, dated January 28, 2005, on page 382 of the Florida Administrative Weekly, a fixed need pool (FNP) of zero beds was published for additional child and adolescent psychiatric beds in District 6 (Hardee, Highlands, Hillsborough, Manatee, Polk Counties) for the July 2010 planning horizon. The net need for intensive residential treatment facility beds are included in the need projected for child/adolescent psychiatric beds. The applicant is not responding to a FNP but offers what it considers “not normal circumstances” as justification for approval.

- b. **Regardless of whether bed need is shown under the need formula, no additional hospital inpatient general psychiatric beds for children and adolescents shall normally be approved in a district unless the average annual occupancy rate of the licensed hospital inpatient general psychiatric beds for children and adolescents in the district, including beds in intensive residential treatment programs for children and adolescents licensed as specialty hospital beds, equals or exceeds 75 percent for the 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool.**

The child and adolescent psychiatric and IRTF beds experienced an occupancy rate of 54.09 percent during the period July 2003 through June 2004. This need criterion is not met.

The following table illustrates the child and adolescent psychiatric and IRTF beds in District 6.

District 6 Child/Adolescent & IRTF Occupancy July 2003-June 2004			
Facility Name	County	# Beds	Occupancy (%)
Lakeland Regional Medical Center	Polk	8	12.43%
Manatee Memorial Hospital*	Manatee	31	0.00%
Manatee Palms Youth Services (IRTF)	Manatee	60	87.60%
District 6 Total		99	54.09%

*Source: Florida Hospital Bed and Service Utilization by District January 2005 Batching Cycle, published 1/28/05. *Manatee Memorial Hospital has an approved exemption to delicense 21 of its 31 beds per CON Exemption #0300036.*

As shown in the table above, the combined child/adolescent and IRTF facilities in District 6 experienced an occupancy rate of 54.09 percent during the period July 2003 through June 2004 with the IRTF beds alone at an 87.60 percent occupancy rate.

- c. **Special/Not Normal Circumstances**

The applicant’s primary need argument involves reimbursement issues, indicating that it currently provides services to District 6 children and adolescents under a Department of Children and Family’s (DCF) contract, which sets a negotiated rate for services on a daily basis and the Statewide Inpatient Psychiatric Program (SIPP). It should be noted that while SIPP is an “inpatient” program, federal requirements allow for reimbursement for both inpatient and residential treatment. Tampa Bay Academy is a licensed by DCF to provide residential services and is not a licensed inpatient facility. That is the level of licensure it is seeking with this proposal.

The Centers for Medicaid and Medicare Services (CMS) allow states the option of providing Medicaid coverage for children in institutions for

mental diseases. The Agency sought and obtained approval from CMS for a federal waiver to allow it to purchase this service for children. Tampa Bay Academy (TBA) became a residential provider under the program in June 2002. According to the applicant, TBA delivered 39 percent of its 2004 total patient days through SIPP. The applicant also states that it sometimes serves a larger area than District 6, stating that it provided 21 percent of its total patient days in 2004 to DCF patients outside of District 6. The applicant contends that, with the approval of this project, it will be able to treat all patients, including those covered by commercial insurers and suggests throughout the application that DCF and Medicaid are reimbursing it for inpatient services and commercial insurers will not. The agency's Medicaid office was contacted and Tampa Bay Academy is not being reimbursed for an inpatient level of care. It is being reimbursed for a residential level of care. Language throughout the application suggests that the facility understands that it can serve both residential non-inpatients and inpatients in what would become licensed inpatient beds if this project were approved. The applicant further indicates that presently commercial insurers will not cover the treatment costs at TBA because it is not licensed as an IRTF specialty hospital, suggesting that it will continue to provide the same level of care if it becomes an intensive residential treatment facility as it currently provides in the residential setting but as a licensed inpatient facility be eligible for commercial reimbursement. If this is the case, TBA could be providing a level of care for which it is not licensed. On the other hand, on page 25 of the application the applicant states that it's programming "resembles" and IRTF, indicating that it is not exactly like an IRTF. However on page 28 it states that it "anticipates few changes to the service or programs provided by the facility". Statements made by the applicant are seemingly contradictory.

According to the applicant, in some cases patients with commercial insurance are also Medicaid-eligible due to a qualifying disability or their financial situation. These patients currently then receive treatment as Medicaid-sponsored patients. However, the applicant contends that this is not the most efficient use of state Medicaid dollars if commercial insurance was available as the payer of first resort². Again, the applicant is indicating that the difference between services provided in a residential non-inpatient setting and those provided in an IRTF inpatient setting relates to how services are reimbursed rather than the level of services provided and that it is currently providing a level of service it is not licensed to provide.

² Pro forma information submitted by the applicant reveals that if this project is not approved it expects commercial insurance to represent 14 percent of its total patient days (Schedule 7B no project) by June 30, 2007. Pro formas for this project show that the applicant expects commercial insurance to represent 18 percent of its total patient days by June 30, 2007 (Schedule 7B with project). The applicant is also showing patient days percentages of reimbursement at over 100 percent. It is not known where the applicant made the math error. Therefore, the difference is either three or four percent.

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The applicant contends that its occupancy rates are comparable to Manatee Palms IRTF. The rate for Manatee Palms IRTF for the 12-month period ending June 2004 was 87.6 percent. The rates for TBA for CY 2003 and CY 2004 were 89.4 percent and 77.9 percent respectively with an average percentage rate of 83.6 percent for both years. TBA's rate was calculated based on its 98 operational beds rather than the 112 beds for which it is currently licensed. Accordingly, the applicant maintains that it has been providing behavioral health services to residents of the service area and with re-licensure of the beds it will have the credentials to place patients covered by commercial insurance rather than referring them out of the county. Again, the applicant appears to be contending that the only difference between non-inpatient residential treatment beds and inpatient intensive residential treatment beds is the type of reimbursement rather than the level of care being provided in those beds. Additionally, this comparison might suggest that the applicant understands that it is currently providing the level of care consistent with that of Manatee Palms IRTF even though it is not licensed as Manatee Palms IRTF is as an inpatient facility. However, the agency's Medicaid office confirmed that TBA is being reimbursed at a non-inpatient residential treatment care rate through its SIPPP contract rather than an inpatient treatment care rate.

The applicant provided the following table demonstrating the current caseload based on its discharge data.

Tampa Bay Academy Service Area Total Number of Discharges CY 2003, 2004		
County of Residence	Discharges	Percent
Hillsborough	111	26.1%
Non-Florida	44	10.45%
Pinellas	34	8.0%
Sarasota	23	5.4%
Pasco	23	5.4%
Miami-Dade	21	4.9%
Polk	16	3.8%
Broward	16	3.8%
Orange	16	3.8%
Manatee	14	3.3%
Alachua	13	3.1%
Lee	10	2.4%
Bay	10	2.4%
Other Florida*	67	15.8%
Unknown	7	1.6%
Total	425	100%

Source: CON #9832 Application, page 14. *18 counties.

As shown in the above table, the applicant serves more patients from Hillsborough County than any other county. District 6 counties (Hardee, Highlands, Hillsborough, Manatee, Polk) account for 32 percent of its caseload.

The applicant states that the 17 and under population in Hillsborough County is the third largest of all the counties in Florida. Below is a table listing the counties that have the highest 17 and under population, this also includes the most populous counties in the state. The chart illustrates the percentage of the 17 and under population to the total population in each county.

The 10 Counties With the Highest Total Population and Highest 17 & Under Population in Florida and Percent of the 17 & Under to the Total Population									
County	Jan. 2005 17 & Under Pop.	Jan. 2005 Total Pop.	% of Total Pop.	July 2005 17 & Under	July 2005 Total Pop.	% of Total Pop.	July 2010 17 & Under	July 2010 Total Pop.	% of Total Pop.
Dade	589,472	2,405,650	24.50%	591,970	2,422,503	24.44%	612,872	2,581,902	23.74%
Broward	403,778	1,757,569	22.97%	405,577	1,774,842	22.85%	421,601	1,936,801	21.77%
Hillsborough	275,743	1,118,063	24.66%	276,938	1,128,668	24.54%	290,817	1,233,432	23.58%
Palm Beach	260,243	1,260,707	20.64%	261,629	1,274,615	20.53%	276,586	1,408,947	19.63%
Orange	256,086	1,030,499	24.85%	258,612	1,043,846	24.77%	281,610	1,173,409	24.00%
Duval	219,934	848,437	25.92%	220,796	854,145	25.85%	231,979	913,436	25.40%
Pinellas	178,555	951,465	18.77%	178,224	954,841	18.67%	175,418	987,102	17.77%
Polk	123,102	527,719	23.33%	123,114	532,100	23.14%	127,285	127,285	22.15%
Brevard	109,841	523,757	20.97%	109,730	527,680	20.79%	113,415	113,415	19.89%
Lee	100,073	520,853	19.21%	100,948	527,431	19.14%	110,487	596,104	18.53%

Source: AHCA Population Estimates, published April 2005

As shown in the above table, while Hillsborough County ranked as the fourth most populous county in Florida for January 2005 and it had the third largest 17 and under population in the state. Population projections indicate that Hillsborough County will rank fourth in total population and third for those 17 and under for the July 2005 and July 2010 estimates also. The percentage of those 17 and under to the total population in Hillsborough County appears to remain in the mid-twenties.

The table below illustrates the 17 and under population and the projected growth rates for the counties in District 6 and the state.

Population Estimates for District 6 Counties Age 17 & under and Percent Change by County				
17 & under	July 2005	July 2010	Difference	% Change
Hardee	7,519	7,976	457	6.08%
Highlands	16,491	16,875	384	2.33%
Hillsborough	276,938	290,817	13,879	5.01%
Manatee	59,412	62,521	3,109	5.23%
Polk	123,114	127,285	4,171	3.39%
District 6 Total	483,474	505,474	22,000	4.55%
State Total	3,924,496	4,121,514	197,018	5.02%

Source: AHCA Population Estimates, published April 2005.

As shown in the above table, the 17 and under population for Hillsborough County is expected to grow at 5.01 percent, just above the district at 4.55 percent and comparable to the state at 5.02 percent, in the next five years. The applicant maintains that the need exists to improve accessibility based on the population mix. Those persons aged 17 and under in 2005 Hillsborough County are projected to be 57.2 percent of the total population in the district by July 2005 and 57.5 percent of the total population in the district by July 2010.

The applicant contends that its projected patient volume reflects an 8.7 percent increase as an adjusted volume based on the anticipated greater flexibility it will have as a licensed specialty hospital IRTF program to place more patients with commercial insurance than in the past. This will represent a shift between Medicaid-sponsored and commercial insurers as payers of first resort. In addition, the applicant expects the Medicaid-sponsored patient days to remain the same. If the CON is approved, this essentially indicates that the applicant expects to continue to serve the same patient population under an inpatient license as it did under a residential treatment facility license.

Need projections are presented on page 17 of the application in the following chart:

TBA Historic and Projected Patient Days			
<i>Year</i>	<i>Bed Days</i>	<i>Patient Days</i>	<i>Occupancy</i>
2004	35,868	27,943	77.9%
Year 1 (6/06)	35,770	30,386	84.9%
Year 2 (6/07)	35,770	30,386	84.9%

Source: Page 17, CON application # 9832

As the chart above illustrates, in 2004, 98.268 beds were used, creating 35,858 bed days at a rate of 77.9 percent usage. In 2006 and 2007, the applicant is projecting that the 98 beds will be used at a rate of 84.9 percent with a patient day increase of 2,443, indicating approximately a seven percent increase in utilization within a two-year period of time that will stay stable for at least one year. The applicant believes this

projected increase is conservative based on the number of calls it receives for placement and must refer to inpatient facilities because, it states, the calls are from patients with commercial insurance, which will not reimburse residential facilities for inpatient care. The applicant provides an example and states that its internal records indicate that during the between January 1 and April 6, 2005, it received 333 calls for placement of commercially insured/private pay patients and another 94 calls for placement of Medicaid-sponsored patients. According to the applicant "most of the commercially insured patients had to be referred elsewhere, to a Chapter 395 program." The applicant does not indicate what "most" means or give an idea of why it could take some commercially insured patients and not others. It is not clear whether or not it was able to admit all 94 Medicaid-sponsored patients. Further, the applicant does give an idea of number of inquiry calls it receives monthly as 100, but does not indicate the disposition of these patients, the payer type, or the level of care required.

Given that the applicant is projecting to increase its patient days by less than 10 percent, and that these patients are referred to other districts now, it does not expect to have a negative impact on service providers. In addition, to the extent that the increase will be a result of population growth, the applicant maintains that all programs should experience an increase in patient volumes. Impact on Manatee Palms Youth Services with an annual average occupancy of 87.6 percent and one quarter's occupancy reaching 96.1 percent in 2004, is likely to be less significant than the underutilized child psychiatric beds at Lakeland Regional Medical Center, which experienced an annual average occupancy of 14.01 percent in year ended June 2004.

The applicant states that the distance from Manatee Palms Youth Services (Manatee County), the IRTF in District 6, to TBA (Hillsborough County), is 39 miles away (about 49 minutes). The applicant contends that this constitutes a not normal situation as this does not meet the 45-minute accessibility standard in rule. However, estimated distance and travel time to Manatee Palms Youth Services from its facility is not a demonstration that the travel standard is not being met in District 6. Although Hillsborough County is more densely populated with children and adolescents age 17 and younger than Manatee, the applicant did not provide demonstration that fewer than 90 percent of the district's total population could access care within 45 minutes travel time under average travel conditions, which is the travel standard promulgated in CON rule. The applicant states that it makes referrals to the IRTFs in the state including those in Orange County. However, it did not provide information why it was unable to accept the patients.

In summary, the applicant maintains that, though its service delivery would not change, it will be able to serve patients with commercial insurance, leaving Medicaid dollars to go to more deserving patients. This would also allow patients (especially those who live in Hillsborough County) to be served locally rather than going outside the district for service. However, as stated earlier, through its SIPP contract, Medicaid is reimbursing TBA for delivery of non-inpatient residential (rather than inpatient) treatment services.

The applicant acknowledges that it anticipates few changes to the operation of its behavioral health program and states on page 25 that “Programming and operations at the 98-bed residential treatment program at Tampa Bay Academy already resemble that of the existing IRTF program in all but licensure, and we fully expect that TBA will be another very successful IRTF program once it is relicensed as such.” Concern it noted that this applicant may be providing services that it is not licensed to provide.

The applicant did not demonstrate that those needing child/adolescent psychiatric services were unable to obtain them in District 6. Given the underutilization of beds in the district and the applicant’s failure to demonstrate that the travel standard for services is not being met, it appears needed beds are available to residents.

d. Other Factors to be Considered in the Review of Certificate of Need Applications for Hospital Inpatient General Psychiatric Services for Children and Adolescents.

The applicant for an intensive residential treatment program for children and adolescents seeking to have the program beds licensed as specialty hospital beds shall provide documentation that the district’s licensed non-hospital residential treatment programs for children and adolescents with psychiatric disorders do not meet the need for the proposed service. The documentation shall include the number of residential facilities and beds in the district, the type of clients served, and the type of program provided. In addition, the applicant shall provide letters of support from other mental health professionals in the district for the proposed facility.

The applicant did not address this criterion specifically. The applicant provided letters of support in its application that are discussed at the beginning of this report. District 6 has one licensed non-hospital IRTF at

Manatee Palms Youth Services. That facility, during the year ended June 2004, had an average annual occupancy of 87.6 percent. Factors regarding accessibility to other treatment programs are discussed in section E.1.a. and E.3.a. of this report.

2. Agency Rule Preferences

Please indicate how each applicable preference for the type of service proposed is met. Ch. 59C-1.040, Florida Administrative Code.

In addition to meeting the applicable review criteria in Section 408.035, Florida Statutes, applicants are expected to meet the standards and need determination criteria for the establishment of new or additional child/adolescent psychiatric services contained in Chapter 59C-1.040, Florida Administrative Code. The special circumstances and/or other considerations for approval of expanded capacity at hospitals with licensed hospital inpatient general psychiatric services for children and adolescents was previously discussed in Section E.1 and will not be repeated here. Florida Administrative Code, 59C-1.040(4)(j) makes the factors in 59C-1.040(4)(i) applicable to non-competitive applicants and are listed as follows:

a. **Preferences for non-competitive applicants for hospital inpatient general psychiatric services. Ch. 59C-1.040(4)(i)(j), Florida Administrative Code.**

In weighing and balancing statutory and rule review criteria, the following factors shall also be considered in the review of a single non-competitive proposal:

- (1) **Provide Medicaid and charity care days as a percentage of their total patient days equal to or greater than the average percentage of Medicaid and charity care patient days of total patient days provided by other hospitals in the district, as determined for the most recent calendar year prior to the year of the application for which data are available from the Health Care Board.**

The Florida Medicaid program typically does not provide reimbursement for inpatient psychiatric services provided by specialty psychiatric facilities. However, the exception to this is Statewide Inpatient Psychiatric Program (SIPP). The Centers for Medicaid and Medicare Services (CMS) allows states the option of providing Medicaid coverage for children in institutions for mental

diseases. Services provided through the SIPP Program can be provided in a residential or inpatient setting. The Agency for Health Care Administration (AHCA) sought and obtained approval from CMS for a federal waiver to allow the agency to purchase this service for children. Tampa Bay Academy (TBA) became a provider under the program in June 2002 for residential services. According to the applicant, TBA delivered 39 percent of its 2004 total patient days through SIPP. TBA also contracts with the Department of Children and Families (DCF) to provide residential treatment services directly to children and adolescents in District 6 under a district performance contract. The applicant contends that when other districts have no residential/IRTF beds within they turn to TBA. However, it is noted that residential treatment beds and IRTF beds require different levels of care, each has its own licensure requirements, and each is reimbursed at a different rate. According to the applicant, TBA provided 21 percent of CY 2004 total patient days through this contract. The applicant states that it will provide about 40 percent of its total patient days to Medicaid sponsored patients via the ongoing SIPP and DCF contracts. According to the applicant, re-licensing its beds as specialty inpatient beds will allow the facility to receive reimbursement from commercial insurers as payers of first resort. The applicant states that this is because these carriers do not cover psychiatric treatment unless it is provided in IRTF beds. It is noted that the level of care provided in specialty inpatient beds in an IRTF differs from the level of care provided in a residential treatment facility like TBA.

The applicant states that some patients not covered by private insurance, qualify for service under Medicaid. It contends that, with approval of this project, these patients will be served using private insurance, and will therefore reserve state Medicaid funding for individuals who truly have no other resource other than Medicaid. Pro forma information submitted by the applicant (noted earlier) indicates that it expects a four percent increase in commercial insurance reimbursement by June of 2007 and virtually no change in Medicaid reimbursement if this project is approved. Documentation to support the applicant's contention that this project will reduce Medicaid spending is not clearly presented.

The applicant points out that that in recent years it has discounted services in to private pay patients resulting in about a five percent write-off for its charity care.

- (2) **Propose to serve the most seriously mentally ill patients (e.g. suicidal patients; patients with acute schizophrenia; patients with severe depression) to the extent that these patients can benefit from a hospital-based organized inpatient treatment program.**

According to the applicant, most of the patients admitted to TBA under its SIPP contract are youths who have had previous admissions to short-term crisis stabilization or general acute care facilities with a child and adolescent program. Their conditions are typically too severe to respond favorably to outpatient counseling, overlay services, and short-term hospitalization. Consequently, nearly all of the patients at TBA are seriously mentally ill, including patients who are suicidal. While, the applicant expects that these patients will continue to be placed at TBA and it will strive to provide a course of treatment, which is beneficial to each of these patients, it was not clear as to the level of care provided. If it is providing a level of care consistent with an IRTF, then it is providing care beyond the care it is licensed to provide.

- (3) **Propose to serve Medicaid-eligible persons.**

The applicant states that the SIPP (described in section E.2.a.1.) is specifically designed to provide psychiatric treatment for Medicaid-eligible patients. SIPP contracts for services with a variety of providers including inpatient and residential treatment facilities. The applicant expects to devote about 40 percent of its beds and patients days to this population. That is near the level it currently provides. As noted above, the applicant states that it currently provides about 39 percent of its patient days to SIPP. The applicant has noted that it expects some of these SIPP patients to be eligible for commercial insurance, rather than Medicaid, and expect this payment to be represent 18 percent of its reimbursement by June 30, 2007. From narrative, it appears that that the applicant does not currently receive a significant percentage of its reimbursement from commercial insurance, but the actual difference between what it currently provides and this 18 percent is not demonstrated. Regardless, this is a high percentage of reimbursement from Medicaid and pro formas indicate that it expects to be reimbursed as follows in the 98 inpatient beds, should this project be approved:

Tampa Bay Academy 98 IRTF Beds Reimbursement Projections Year 2 with Project	
<i>Payor</i>	<i>Projected Percent of Reimbursement</i>
Medicaid	39%
Self Pay	5%
Commercial Insurance	18%
Other Payers	39%
Total	101%

Source: CON 9832 Schedule 7B with project year 2 (ending 6/30/07)

Assumptions to pro formas indicate that the applicant expects its relations with SIPP services to be constant. This again suggests that the applicant understands that it will continue to essentially serve the same patient population in these inpatient beds as it serves in its existing residential beds. Assumptions to Schedule 8a, the income and expenses schedule, state that expenses with and without this project are based on the facility's actual experience and because services "are not changing" there is little change in expenses.

The applicant also submitted pro forma information to contrast reimbursement if this project is not approved.

Tampa Bay Academy 98 IRTF Beds Reimbursement Projections Year 2 No Project	
<i>Payor</i>	<i>Projected Percent of Reimbursement</i>
Medicaid	40%
Self Pay	5%
Commercial Insurance	14%
Other Payers	41%
Total	100%

Source: CON 9832 Schedule 7B year no project 2 (ending 6/30/07)

In comparing the two financial schedules, it appears "other payers" will be the most impacted if the project is approved. As shown above, the schedule with the project shows percentages that total 101 percent. Therefore, this might mean there is no change at all in Medicaid since the difference is one percent and the applicant is projecting over 100 percent reimbursement. Other payers will receive the larger reduction and commercial insurance there larger increase. It is again not clear that this project will reduce Medicaid spending replacing it with commercial insurance reimbursement as the applicant contends in its need argument.

(4) Propose to serve individuals without regard to their ability to pay.

The applicant states that the bulk of its services are delivered to patients who are either wards of the state, or who are otherwise unable to pay for their care. Virtually all indigent patients who require services provided by the applicant qualify for one of these programs, for which the contract rate is accepted as payment in full and the difference between the facility's charge and the contract rate is written off. Additionally, a small portion of care is provided to patients who are not indigent, but who may not be insured or able to cover the full cost of care received and are offered a discount. This results in indigent or charity write-offs according to the applicant. The applicant expects that these arrangements will continue into the future.

(5) Agree to be a designated public or private receiving facility.

The applicant states that the average length of stay for its patients is about 328 days, as compared with a receiving facility with an average length of stay of three to five days. The applicant states that it is not an appropriate setting for a receiving facility and does not propose to become one. The applicant (currently a non-inpatient residential treatment facility) did not discuss what it would do if it became licensed as an IRTF providing inpatient care.

(6) Provide a continuum of psychiatric services for children and adolescents, including services following discharge.

The applicant provided a copy of its written plan for professional services in its application. It is an existing provider of residential psychiatric services, has established a variety of linkages with area agencies and providers for service ranging across the continuum of care, including a number of aftercare services following discharge. This is further discussed in section E.3.b. of this report.

- b. Minimum Size for Specialty Hospitals Ch. 59C-1.040 (3) Florida Administrative Code. A specialty hospital providing hospital inpatient general psychiatric services, or an intensive residential treatment program for children and adolescents licensed as a specialty hospital shall have a minimum total capacity of 40 beds.**

The applicant is requesting approval to re-license 98 existing residential treatment beds as intensive residential treatment facility (IRTF) beds to provide psychiatric services to children and adolescents.

- d. Access Standard Ch. 59C-1.040 (6), Florida Administrative Code. Hospital inpatient general psychiatric services should be available within a maximum ground travel time of 45 minutes under average travel conditions for at least 90 percent of the district's total population.**

The applicant used www.Mapquest.com to determine the travel distance to Manatee Palms Youth Services (location of the two inpatient child/adolescent programs in facilities in District 6) as being 39 miles away with an estimated travel time of 49 minutes. The applicant contends that the approval of this project will provide a local option, improving accessibility to the patient population. This is also discussed in sections E.1.b and E.3.a of this report. However, a *Mapquest* distance and estimated travel time is not a demonstration that the travel standard is not being met in District 6. Although Hillsborough County is more densely populated than Manatee, the applicant did not provide demonstration that fewer than 90 percent of the district's total population could access care within 45 minutes travel time under average travel conditions.

- e. Quality of Care Ch. 59C-1.040 (7), Florida Administrative Code.**

- (1) Compliance with Agency Standards. Hospital inpatient general psychiatric services for children and adolescents shall comply with the agency standards for program licensure described in Chapter 59A-3, Florida Administrative Code. Intensive residential treatment programs for children and adolescents with beds licensed as specialty hospital beds shall comply with the agency standards for program licensure described in Chapter 59A-3, Florida Administrative Code. Applicants who include a statement in their certificate of need application that they will meet applicable agency licensure standards are deemed to be in compliance with this provision.**

Tampa Bay Academy already meets the standard for licensure as Child Care beds by the Department of Children and Families. Its

program has been JCAHO accredited since it began in 1988. There are no expected construction changes proposed in order to bring the existing physical space into code compliance. However, the applicant has included a contingency amount in its total amount of project costs to address and code compliance issues the Agency may encounter. It is noted that the Agency architect could not come to any conclusions, stating that it was not possible to tell if the requirements of Section 59C-3.303, Florida Administrative Code, Chapter 32 NFPA 101, and section 633.05(8), Florida Statutes (IRTFs are reviewed for compliance with these regulations) would be met from the plans submitted by the applicant.

- (2) Hospital Inpatient General Psychiatric Services for Children. As required by paragraph 394.4785(1)(b), Florida Statutes, facilities providing hospital inpatient general psychiatric services to children must have beds and common areas designated for children, which cannot be used by adults. Adolescents may be treated in the units designated for children. Adolescents may only be treated in units designated for adult hospital inpatient general psychiatric services if the admitting physician indicates that such placement is medically indicated, or for reasons of safety.**

The applicant is currently a residential childcare facility serving children and adolescents and does not admit adults.

- (3) Continuity. Providers of hospital inpatient general psychiatric services shall also provide outpatient services, either directly or through written agreements with community outpatient mental health programs, such as local psychiatrists, local psychologists, community mental health programs, or other local mental health outpatient programs.**

According to the applicant, discharge planning begins from the time each patient enters TBA and continues post-discharge with treatment needs addressed through outside referrals and/or internal linkages to TBA as needed. The discharge planning process involves the patient's therapy team with increasing involvement from family members as the inpatient segment of treatment draws to a close. Included in the application are details about the applicant's discharge process in its Written Plan for Professional Services. The applicant states that it offers several

support services on an out patient basis. The applicant states that its service network includes over 60 agencies that assist the applicant with providing continuous appropriate care to each patient and in developing an effective post-discharge treatment plan to help support each patient within the community.

- (4) Screening Program. All facilities providing hospital inpatient general psychiatric services shall have a screening program to assess the most appropriate treatment for the patient. Patients with a dual diagnosis of a psychiatric disorder and substance abuse, shall be evaluated to determine the types of treatment needed, the appropriate treatment setting, and, if necessary, the appropriate sequence of treatment for the psychiatric and substance abuse disorders.**

The applicant states that while over 39 percent of its residents are either Medicaid-eligible admitted under SIPP program or DCF district referrals (mostly through the Substance Abuse and Mental Health Program Office) and are pre-certified for admission to this existing residential treatment facility, it also has its own screening procedures in place. In addition, the multidisciplinary treatment team performs assessments in order to ensure that the most appropriate treatment is provided to each patient. This treatment team approach also includes patients with a dual diagnosis. The applicant lists screening criteria for admission and evaluation for the type of treatment needed in its written plan for professional services and the programs are monitored through its utilization management plan (included in the application's supporting materials). The applicant did not discuss any changes to the level of care (including patient admissions and evaluations) it would provide as an IRTF versus its current level of care as non-inpatient residential treatment facility if this project is approved.

- f. Services Description Ch. 59C-1.040(8), Florida Administrative Code. An applicant for hospital inpatient general psychiatric services shall provide a detailed program description in its CON application including:**

- (a) age groups to be served;**

The applicant states that its facility serves patients ranging in age from four to 17, though most of its patients are age 13 to 17.

(b) specialty programs to be provided;

Specialty programming already available at TBA includes sexual abuse, drug abuse, drug abuse prevention and self-harming behaviors. The applicant anticipates no significant change in the specialty programming as result of this project. Again, it is noted that the applicant is currently a non-inpatient residential treatment facility. It is applying to provide inpatient care. This again suggests that the applicant may be providing services outside of those for which it is licensed.

(c) proposed staffing including qualifications of the clinical director and specialty program staffing;

The applicant does not anticipate a need to change its current staffing, which currently complies with JCAHO guidelines for its current license from DCF. The applicant references its discussion in relation to section E.3.c. of this report. While the applicant's staffing levels meet the requirements for a residential treatment facility; it did not discuss changes, if any, needed to provide the level of care required for an IRTF. This again suggests that the applicant may be providing services outside of those for which it is licensed.

(d) patient groups by primary diagnosis ICD 9 code that will be excluded from treatment;

The applicant does not anticipate it will exclude anyone from treatment based on diagnosis alone. Admission/treatment determinations will be made on an individual basis by the medical director and psychiatrists in conjunction with the treatment team.

(e) therapeutic approaches to be used;

The applicant contends that the program of care for the proposed project will utilize a variety of therapeutic approaches, which are already in use at TBA in its existing residential beds. Each patient is assigned to an interdisciplinary treatment team headed by a psychiatrist. Patients are provided with individual, group, family, recreational and milieu therapies, specialty groups, crisis intervention, nursing care and special education. The facility uses a behavioral management system with age appropriate expectations, privileges and consequences.

(f) expected sources of patient referrals;

The applicant expects that its referral sources will be similar to those for existing operations and intake mechanisms which currently include, but are not limited to, District 6 DCF/ADM, law enforcement, local health care providers, hospitals and families. While patient referral sources may be similar if the applicant is approved for IRTF beds, the level of care for existing operations and intake mechanisms would have to be the level of care as required for an IRTF facility. The applicant will be out of compliance with its licensing standards if it is providing a level of care for which it is not licensed.

(g) expected average length of stay for discharges by age group;

The average stay at TBA was 328 days for 2004. Those residents younger than 14 averaged 321 days, while those 14 to 17 averaged 218 days. The applicant expects the proportions and lengths of stay to follow a similar pattern in the future. It states that the total lengths of stay may decline somewhat if the program experiences a higher portion of managed care patients as, according to the applicant, managed care patients typically have shorter lengths of stay. It is noted that pro formas show zero anticipated managed care days.

(h) projected number of patient days by payer type, including Medicare, Medicaid, Baker Act, private insurance, self pay and charity care patient days for the first two years of operation after completion of the project;

The following table illustrates the applicant's projected number of patient days by payer type for the first two years of operation according to Schedule 7B of the application.

Tampa Bay Academy Payer Type and Percentage of Patient Days					
Payer	Year 1 Patient Days	Year 1 Percentage	Payer	Year 2 Patient Days	Year 2 Percentage
Self-Pay	1,445	5%	Self-Pay	1,445	5%
Medicaid	11,765	39%	Medicaid	11,765	40%
Commercial Insurance	5,396	18%	Commercial Insurance	4,060	18%
Other Managed Care	0	0%	Other Managed Care	0	0%
Other Payers	11,919	39%	Other Payers	11,919	39%

Source: CON #9832 Application, Financial Schedule 7B.

As shown in the table above, the applicant expects that the portion of Medicaid days will remain consistent and that more Medicaid-sponsored patients will be provided as the volume of total patient days increases for the program and the patients covered by Medicaid would be truly eligible for Medicaid without other payer sources. However, the applicant did not provide evidence that the actual pool of patients would actually change. Additionally, as shown above, the applicant is projecting commercial days will increase by either three or four percent³. This appears to be primarily through a change in patient days to “other payers” rather than Medicaid.

The will projects to provide about 39 percent of its total patient days to Medicaid sponsored patients via the ongoing SIPP and DCF contracts. According to the applicant, re-licensing its beds as specialty inpatient beds will allow the facility to receive reimbursement from commercial insurers as payers of first resort. As stated earlier, the applicant contends that this is because these carriers do not cover residential psychiatric treatment unless it is provided in IRTF beds. It is noted that the level of care provided for specialty inpatient beds in an IRTF differs from the level of care provided in a residential treatment facility like TBA. It is also noted that reimbursement rates are based on levels of care provided. TBA is currently not licensed to provide the level of care required for an IRTF.

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

The applicant states that it will serve patients regardless of their ability to pay. The applicant has requested to condition this application with the provision of providing a minimum of 15 percent of its total patients days to Medicaid-sponsored and/or charity care patients.

- g. Quarterly Reports Ch. 59C-1.040 (10), Florida Administrative Code. Facilities providing licensed hospital inpatient general psychiatric services, including facilities with intensive residential treatment program beds for children and adolescents licensed as specialty hospital beds, shall report to the agency or its designee, within 45 days after the end of each calendar quarter, the number of hospital inpatient general psychiatric services admissions and patient days by age and primary diagnosis ICD 9 code.**

³ The applicant has shown patient days percentages for reimbursement at over 100 percent by one percent. It is not known where the math error was made.

The applicant states that it will report utilization data to the local health council on a timely basis.

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) and 408.035(7), Florida Statutes, and Ch. 59C-1.030 and 59C-1.040, Florida Administrative Code.**

The applicant is not responding to published need but maintains that with the approval of this project in Hillsborough County, availability and accessibility to inpatient residential treatment facility beds for children and adolescents seeking psychiatric treatment will increase because there are currently no IRTF beds in this county. However, the planning area for child/adolescent psychiatric services, which includes IRTF beds, is the district. In this case, this district consists of Hillsborough, Manatee, Hardee, Highlands, and Polk Counties. The fact that there is no provider in Hillsborough County is not evidence of need for a program.

The following table depicts the utilization of the district’s child and adolescent psychiatric and IRTF beds for the 12 months ending June 2004 in District 6.

District 6 Child/Adolescent & IRTF Occupancy July 2003-June 2004		
Facility Name	# Beds	Occupancy (%)
Lakeland Regional Medical Center	8	12.43%
Manatee Memorial Hospital*	31	0.00%
Manatee Palms Youth Services (IRTF)	60	87.60%
District 6 Total	99	54.09%

Source: Florida Hospital Bed and Service Utilization by District January 2005 Batching Cycle, published 1/28/05. *Manatee Memorial Hospital has an approved exemption to delicense 21 of its 31 beds per CON Exemption #0300036.

The applicant provided the following table illustrating, what it maintains are the occupancy rates for the two providers of inpatient psychiatric services for children and adolescents in District 6.

Inpatient Psychiatric Programs in District 6 July 2003-June 2004		
Facility	#Beds	% Occupancy
Manatee Palms Youth Services (IRTF)	60	87.6%
Manatee Memorial Hospital*	10	0.0%
District 6	70*	75.1%

Source: CON Application #9832, page 23. *Excludes 21 child/adolescent inpatient beds at Manatee Memorial Hospital that have been granted a CON Exemption for delicensure.

The applicant maintains that the occupancy rate of 75.1 percent for the district from July 2003 to June 2004 is an adjustment of the 54.1 percent published by the agency. The occupancy standard promulgated in rule for child/adolescent psychiatric beds is 75 percent. The applicant states that the adjusted rate reflects the 21 (of 31) beds at Manatee Memorial hospital that are scheduled for delicensure. AHCA data confirms that Manatee Memorial was approved per CON Exemption #0300036 to delicensure 21 of its 31 child/adolescent beds.

The applicant states that in the past there were as many as 120 licensed child/adolescent inpatient beds in the county. However, since 2000 (the closing of the last facility to offer these services), the only facility available to receive referrals from TBA has been Manatee Palms Youth Services. The applicant also notes that there is one 14-bed hospital-based child/adolescent inpatient program at Morton Plant Hospital in Pinellas County.

The applicant maintains that the distance from Tampa Bay Academy (TBA) to Manatee Palms (the closest IRTF facility) is over 39 miles away, with a travel time of 49 minutes (www.mapquest.com lists 49 minutes, www.expediamap.com lists 44 minutes). As discussed earlier, a *Mapquest* distance and estimated travel time is not a demonstration that the travel standard in District 6 is not being met.

As stated earlier, the applicant contends that this is a not normal situation that deserves special consideration for approval. However, as indicated above the applicant did not demonstrate that the travel standard is not meet in District 6.

It is also noted that there are many counties and several districts in the state without IRTFs. For example, there are no IRTFs in Districts 3, 4, 5, 8, 10 or 11 and of the 67 counties in Florida, six have IRTFs. It is also noted that residents of Hillsborough County have greater access to IRTFs than do residents of a number of other counties in the state.

The applicant compares bed-to-population ratios for the state as a whole and for selected counties with juvenile populations and demographics similar to Hillsborough County. The applicant did not address bed-to-population ratios for the districts in Florida. In addition, bed-to-population ratios cannot be relied upon as a demonstration of need as they do not consider utilization. The applicant did not demonstrate that those needing services in the district were unable to receive them.

Tampa Bay Academy states that it is not able to treat commercially insured patients. However, as noted above, pro formas indicate that 14 percent of the patient days in the 98-bed residential facility will be reimbursed by commercial insurances by June of 2007 if this project is not approved. If the project is approved, the projections reflect either a three or four percent increase in commercial insurance patient days. his population. The applicant contends that it basically offers the same services now and that little, if any changes would be needed to implement an IRTF program. However, if TBA, a non-inpatient residential treatment facility is offering the same level of care as an IRTF, then it is operating outside of its license.

Need for the project is not evidenced by the availability, quality of care, efficiency, accessibility and extent of utilization of existing health care facilities and health services in the applicant's service area.

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

The applicant has been accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) since its inception in 1988. A copy of the JCAHO accreditation is included in the application. According to the applicant, its service delivery is monitored by its continuous quality improvement plan, a copy of which is provided in the application.

TBA is licensed by the Department of Children and Family Services as a child caring agency.

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

The applicant did not submit audited financial statements, but rather the consolidated statements of its parent, Youth & Family Centered Services, Inc. for the periods ending December 31, 2003 and 2002.

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Those statements contained supplemental consolidating schedules for the period ended December 31, 2003 that were analyzed for the purpose of evaluating the applicant's ability to provide the capital and operational funding necessary to implement the project. The following is a list of accounts and ratios used in the analysis:

Youth & Family Centered Services of Florida, Inc.	
	12/31/2003
Current Assets	\$ 2,729,951
Cash and Current Investment	\$ 166,794
Assets Restricted for Capital Projects	\$ 0
Total Assets	\$ 4,500,694
Current Liabilities	\$ 684,355
Total Liabilities	\$ 684,355
Total Equity	\$ 3,131,984
Net Operating Revenues	\$ 17,080,636
Interest Expense	\$ 0
Net Profit – Operations	\$ 2,071,007
Net Income	\$ 1,951,230
Cash Flow from Operations	\$ Not Provided
Working Capital	\$ 2,045,596
Current Ratio (CA/CL)	4.0
Cash Flow to Current Liabilities (CFO/CL)	Not Provided
Long-Term Debt to Equity (TL-CL/TE)	0.0
Equity to Total Assets (TE/TA)	69.6%
Operating Margin (NPO/NOR)	12.1%
Total Margin (NI/NOR)	11.4%
Return on Assets (NI/TA)	46.0%
Operating Cash Flow to Assets (CFO/TA)	Not Provided

The applicant is a subsidiary of Youth & Family Centered Services, Inc., a for-profit provider of services to children and adolescents, including acute care programs, residential treatment facilities, programs for the developmentally disabled, foster care, group homes, home and community based services, outpatient and educational programs. The financial data provided in the supplemental information does not include prior year data or a cash flow statement.

Short-term position:

The applicant's current ratio of 4.0 indicates current assets are four times short-term liabilities, a strong position. No cash flow data was provided. Working capital (current assets less current liabilities) of \$2.0 million is a measure of excess liquidity that could be used to fund capital

projects. The most recent year had an operating profit of \$2.0 million resulting in a margin of 12.1 percent. Based on the available information, the applicant has a strong short-term position.

Long-term position:

The long-term debt to equity ratio of 0.0 means the applicant does not have any long-term debt obligations, a strong position. The applicant has total equity of \$3.1 million. Overall, the applicant has a strong long-term position.

The applicant submitted audited financial statements of its parent, Youth & Family Centered Services, Inc. for the periods ending December 31, 2003 and 2002. Those statements were analyzed for the purpose of evaluating the ability of the applicant's parent to provide the capital and operational funding necessary to implement the project. The following is a list of accounts and ratios used in the analysis:

Youth & Family Centered Services, Inc.			
	12/31/2003		12/31/2002
Current Assets	\$	33,241,000	\$ 19,094,000
Cash and Current Investment	\$	10,473,000	\$ 2,578,000
Assets Restricted for Capital Projects	\$	0	\$ 0
Total Assets	\$	101,926,000	\$ 62,418,000
Current Liabilities	\$	19,286,000	\$ 12,265,000
Total Liabilities	\$	64,063,000	\$ 35,767,000
Total Equity	\$	37,863,000	\$ 26,651,000
Net Operating Revenues	\$	137,717,000	\$ 107,257,000
Interest Expense	\$	4,818,000	\$ 2,968,000
Net Profit - Operations	\$	17,492,000	\$ 10,582,000
Net Income	\$	11,137,000	\$ 8,875,000
Cash Flow from Operations	\$	11,067,000	\$ 8,294,000
Working Capital	\$	13,955,000	\$ 6,829,000
Current Ratio (CA/CL)		1.7	1.6
Cash Flow to Current Liabilities (CFO/CL)		0.57	0.68
Long-Term Debt to Equity (TL-CL/TE)		1.2	0.9
Equity to Total Assets (TE/TA)		37.1%	42.7%
Operating Margin (NPO/NOR)		12.7%	9.9%
Total Margin (NI/NOR)		8.1%	8.3%
Return on Assets (NI/TA)		17.2%	17.0%
Operating Cash Flow to Assets (CFO/TA)		10.9%	13.3%

Short-term position:

The parent's current ratio of 1.7 indicates current assets are greater than short-term liabilities, an acceptable position. The ratio of cash flow to current liabilities of 0.57 is weak. Working capital (current assets less

current liabilities) of \$14.0 million is a measure of excess liquidity that could be used to fund capital projects. Overall Youth & Family Centered Services, Inc. has an acceptable short-term position.

Long-term position:

The ratio of long-term debt to equity of 1.2 means debt is somewhat greater than equity, a somewhat weak but acceptable position. The most recent year had a net income of \$11.1 million resulting in a margin of 8.1 percent. The applicant has total equity of \$37.9 million. Overall, Youth & Family Centered Services, Inc. has an acceptable long-term position.

Capital requirements:

Schedule 2 indicates the applicant has only this project as a capital expenditure of \$45,625. However, based on the architectural review, this project would require additional funding to bring the facility into compliance with the disaster preparedness requirements in the Florida Building Code. The costs to meet this requirement cannot be determined, but are likely to be material.

Available capital:

Youth & Family Centered Services, Inc. had \$10.5 million in cash at the date of the balance sheet.

Conclusion:

Potential funding for this project is unknown.

Staffing:

This project calls for 163.53 FTEs in the first and second year of operation. The nursing staff (including mental health techs) will consist of 73.25 FTEs in year one and two. The applicant states that staff members are already in place, ready to guide the transition of this facility to a licensed specialty hospital IRTF program.

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

A comparison of the applicant's estimates to the control group values provides for an objective evaluation of financial feasibility, (the likelihood that the services can be provided under the parameters and conditions contained in Schedules 7 and 8), and efficiency, (the degree of economies achievable through the skill and management of the applicant). In general, projections that approximate the median are the most desirable, and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible, because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the

lowest in the group, it is less likely that the project is feasible, because a much higher level of economies must be realized to achieve the desired outcome. These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go beyond the relevant range of outcomes, revenues and expenses may, either go beyond what the market will tolerate, or may decrease to levels where activities are no longer sustainable.

Comparative data were derived from hospitals in peer groups that reported data in 2003; the applicant will be compared to the hospitals in peer group 13. Per diem rates are projected to increase by an average of 3.4 percent per year. Inflation adjustments were based on the new CMS Market Basket, 4th Quarter, 2004.

Projected net revenue per adjusted patient day (NRAPD) of \$325 in year one and \$335 in year two is between the control group median and highest values of \$212 and \$1,163 in year one and \$219 and \$1,200 in year two. 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).

Projected cost per adjusted patient day (CAPD) of \$304 in year one and \$313 in year two is between the control group median and highest values of \$183 and \$1,224 in year one and \$189 and \$1,263 in year two. (See Comparative Table). Compared to the control group these costs are efficient.

The year two operating profit of \$675,702 computes to an operating margin per adjusted patient day of \$22, which falls between the control group median and highest values of -\$7 and \$30. The operating margin of 6.6 percent indicates that projected revenues are sufficient to cover projected costs.

While the estimates for this project as presented appear reasonable, the applicant did not consider the additional costs necessary to bring the facility into compliance with the disaster preparedness requirements in the Florida Building Code, rendering the expected outcomes an unreliable gauge of the financial feasibility of this project.

COMPARATIVE TABLE

Youth & Family Centered Services, Inc.					
CON # 9832	2007	YEAR 2	VALUES ADJUSTED		
	YEAR 2	ACTIVITY	FOR INFLATION		
2003 DATA Peer Group 13	ACTIVITY	PER DAY	Highest	Median	Lowest
ROUTINE SERVICES	15,893,706	521	1,339	337	32
INPATIENT AMBULATORY	-	0	0	0	0
INPATIENT ANCILLARY SERVICES	-	0	0	0	0
OUTPATIENT SERVICES	-	0	0	0	0
OTHER OPERATING REVENUE	-	0	13	0	0
TOTAL REVENUE	15,893,706	521	1,351	339	32
DEDUCTIONS FROM REVENUE	5,668,907	186			
NET REVENUES	10,224,799	325	1,200	219	21
EXPENSES					
ROUTINE	4,369,162	143	717	107	8
ANCILLARY	262,238	9	19	8	0
AMBULATORY		0			
OVERHEAD	4,032,454	132	546	76	8
OTHER		29			
TOTAL EXPENSES	9,548,097	313	1,263	189	18
OPERATING INCOME	676,702	22	30	-7	-19
PATIENT DAYS	30,525	22	VALUES NOT ADJUSTED FOR INFLATION		
ADJUSTED PATIENT DAYS	30,525				
TOTAL BED DAYS AVAILABLE	35,770				
ADJ. FACTOR	1.0				
TOTAL NUMBER OF BEDS	98				
PERCENT OCCUPANCY	85%		111.8%	89.0%	72.8%
PAYER TYPE	PATIENT DAYS	% TOTAL			
MEDICARE	-	0.0%	0.0%	0.0%	0.0%
COMMERCIAL	5,396	17.7%			
MEDICAID	11,765	38.5%	100.0%	9.4%	0.0%
SELF-PAY	1,445	4.7%			
HMO/PPO	-	0.0%	15.6%	0.4%	0.0%
OTHER	11,919	39.0%			
TOTAL	30,525	100.0%			

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

The applicant projects managed care to represent 0.0 percent of its patient days, which is the control group lowest value. With no managed care days this project is not likely to have a positive impact on competition to promote quality assurance and cost-effectiveness.

f. Are the proposed costs and methods of construction reasonable? ss. 408.035(10), Florida Statutes; Ch. 59A-3 or 59A-4, Florida Administrative Code.

The application is to convert existing Department of Children and Families bed space to become a 98-bed intensive residential treatment facility. The narrative is somewhat inaccurate in that it states that the facility has 112 licensed beds but then goes on to say that a number of them have already been converted to offices and activity rooms. There is no renovation budget for the project. However, these rooms are either patient rooms or have a new and different function. They cannot be both. The bed count is listed inaccurately in the application.

The proposed project will have of 46 semi-private and two triple-occupant patient rooms. The narrative states that the facility is fully sprinklered but since this was done after the date on the attached drawings, it is not possible to tell if the sprinkler system meets current applicable codes. This needs to be verified by a design professional and funds should be made available to pay for these services.

Facilities such as this are reviewed under Chapter 32 of NFPA 101, Chapter 59A-3.303 of the Florida Administrative Code and Section 633.05(8), Florida Statutes.

Fully one-third of the budget is allocated for contingency issues. This figure was not listed on Schedule 9 but was mentioned in the architectural narrative. However, this \$15,000 contingency was said to be for "licensure application/inspection process" and not for any possible changes to the building. Therefore, there are no actual funds allocated for renovation and this is reflected on Schedule 9.

The main problem for this existing facility is that the applicant proposes to change it from being under the jurisdiction of the Department of Children and Families to being under The Agency for Healthcare Administration (a residential facility to an inpatient facility). Therefore it becomes a Class IV hospital and as such, must meet the requirements for disaster preparedness in the Florida Building Code.

Certainly whatever is needed to make this facility conform to these requirements cannot be done for \$45,625 if the renovations can be done at all, even with a larger budget. The main items that are almost certainly not in conformance are the existing windows and their impact

resistance. All nonconforming windows would have to be replaced and there are other code considerations too numerous to mention that would make the proposed budget totally inadequate and the project most likely not viable.

No project schedule was provided since the applicant did not expect any additional renovation/construction to be needed, which is not the case and therefore time frames for implementation are not reasonable.

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 indigent? Does the applicant propose to provide health services to Medicaid patients and the medically indigent? ss. 408.035(11), Florida Statutes.

As discussed in sections E.2.a.(1) and E.2.(3) of the this report, the applicant states that while Medicaid does not typically reimburse for inpatient psychiatric services provided by specialty psychiatric facilities, it does provide reimbursement for service provided through SIPP contracts. The applicant was reimbursed by Medicaid as a non-inpatient residential treatment facility and was not reimbursed for services as an inpatient facility. According to the applicant, it provided 21 percent of its total patient days to Medicaid in FY 2004 through its SIPP contract with DCF.

Below is a table illustrating the percent of Medicaid days and charity care days provided by the IRTFs in District 6 for FY 2003.

**Freestanding Child/Adolescent Psychiatric Providers
District 6, FY 2003 Compared to TBA Projections for FY 2007**

Facility	% Medicaid Days	% Charity Care Days
Manatee Palms Youth Services	65.1%	0.0%
FY 2007 TBA Projections	39.0%	5.0%

Source: FY 2003 AHCA Financial Data and CON # 9832 Schedule 7B with project

The applicant proposes to provide 15 percent of its total patients days to Medicaid/charity care. The applicant states that charity care will continue to be about five percent, in the form of free discounts offered to private pay patients. As shown above, the applicant anticipates serving a combined Medicaid and charity population at 44 percent of its patient days. This is below the combined district average for Medicaid and charity care.

F. SUMMARY

Youth and Family Centered Services, Inc. d/b/a/ Tampa Bay Academy (CON #9832) seeks approval to convert its existing 112-bed child care non-inpatient residential facility licensed by the Department of Children and Families to a 98-bed inpatient specialty hospital intensive residential treatment facility (IRTF) program.

The proposed project cost is estimated at \$45,625 with no construction or renovation costs involved.

Need/Other Special Circumstances

- There was a fixed need pool of zero published for District 6.
- The applicant showed that Hillsborough County has the third largest juvenile population in the state. However, existing inpatient utilization for child/adolescent/IRTF services 59.37percent in the year ended June 30, 2004. Although some beds have been delicensed in the area, the applicant did not show that children/adolescents needing care were unable to receive care in the district.
- Although the applicant claimed that travel times were a problem, it was not demonstrated that the travel standard was not met for this area.
- The applicant presented confusing information about its existing patient population. In several places, including financial pro formas, the applicant indicates that will be serving the same patient population it currently serves. The applicant is a licensed residential treatment facility and not authorized to serve patients at an intensive or inpatient level of care. The applicant claims that the primarily difference between the way it is currently reimbursed and the way it will be reimbursed if this project is approved, is that commercial insurers who, unlike Medicaid, will not reimburse it for services because it is not an IRTF, will be able to reimburse it if approved.

- However, financial pro formas do not clearly support this contention, showing that without the project the applicant expects to be reimbursed by commercial insurers at 14 percent and with the project 18 percent. This is the essence of the applicant's need methodology, that it will be reimbursed by commercial insurers. The state Medicaid office was contacted and TBA is not being reimbursed for inpatient services.
- Need was not shown, as the applicant essentially claims it is currently serving the patient population it proposes to serve despite the fact that it is not licensed to serve this population.

Quality of Care

- The applicant is currently JCAHO accredited for residential care.

Cost/Financial Analysis

- Overall, the applicant has a strong short-term and long-term position.
- This project would require additional funding to bring the facility into compliance with the disaster preparedness requirements of the Florida Building Code. The costs to meet this requirement cannot be determined, but are likely to be material; therefore, potential funding for this project is unknown.
- The estimates for the project appear reasonable, however costs necessary to bring the facility into compliance with the Florida Building Code were not considered, rendering the expected outcomes and unreliable gauge of the financial feasibility of this project.
- The project is not likely to have a positive impact on competition to promote quality assurance and cost-effectiveness.

Medicaid/Indigent Care

- The applicant indicates that the majority of its admissions and patient days are generated through contracts with the State of Florida, either through DCF or the Medicaid SIPP program. The applicant further indicates that Medicaid-sponsored patients from SIPP accounted for 40 percent of the facility's patient days for FY 2004. Pro formas show reimbursement of a level of service that represents 39 percent of the applicant's patient days in for inpatient care in 2007. One of the applicant's contentions is that once an inpatient facility, commercial insurers who will not currently pay for services at TBA because it is not an inpatient facility, will pay for services and consequently

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- Medicaid revenue will decrease. However, pro formas show the same level of Medicaid care and without an approval show commercial insurers reimbursing at a level that equates to 14 percent of its patient days.
- The applicant has agreed to condition award of the CON upon its providing a minimum of 15 percent of the new IRTFs patient days will be provided to Medicaid/charity care patients.
- The applicant states that charity care is in the form of free discounts offered to private pay patients (about five percent of total patient days).

Architectural Analysis

- It could not be determined if the facility is fully sprinklered and this needs to be verified by a design professional.
- The applicant did not make provisions in its project cost projections for any renovations that are going to be necessary for the facility to meet the requirement for disaster preparedness as required by the Florida Building Code. Therefore, the reasonableness of costs and time frames for implementation could not be determined.

G. RECOMMENDATION

Deny CON #9832.

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