STATE AGENCY ACTION REPORT

CON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

Martin Memorial Medical Center, Inc./CON #9837
P.O. Box 9010
Stuart, Florida 34995

Authorized Representative: Richmond M. Harman, CEO
(772) 287-5200

Christopher H. Coffey
Director of Planning

2. Service District/Subdistrict

District 9/Subdistrict 2 (Martin and St. Lucie Counties)

B. PUBLIC HEARING

No public hearing was requested or held.

Eleven letters of support were received in support of the establishment of an 80-bed acute care hospital by the omissions deadline, from Port St. Lucie community leaders, community developers and the Treasure Coast campus of Florida Atlantic University, as well as State Representatives Gayle Harrell and Joe Negron, and State Senator Ken Pruitt. These letters are similar in content and attest to the rapid growth of the western Port St. Lucie area and the negative impacts on community infrastructures resulting from such growth. Traffic problems are said to be due to inadequate travel routes crossing the North Fork of the St. Lucie River, and these inadequate routes contribute to reported 30-40 minute travel times from the southwest area of town to US Highway 1. A study commissioned by the City of Port St. Lucie two years ago is said to have identified need for a 200-bed hospital to handle the westward expansion of the city. Benefits to the community from this proposed

project are further detailed to include meeting the need for obstetrical services in the western areas and the possibility that this proposed site would expand to include a trauma center.

Three letters of opposition were received, with one from a current resident of "Tradition," the planned community within which the proposed facility would be located, wherein the writer states that an adequate number of beds exist in the Port St. Lucie/Fort Pierce area, and his personal experience with Martin Memorial has not been positive. The other two letters are nearly identical, one each from the chief executive officer of Lawnwood Regional Medical Center and the chief executive officer of St. Lucie Medical Center. Each of these include a copy of a report prepared by Richard A. Baehr and Associates, Inc. on April 11, 2005 entitled *Analysis of St. Lucie Market Area and Need for Martin Memorial Medical Center's Proposed Satellite Hospital in St. Lucie County*. The conclusions of this analysis include the following: Projected population growth for the proposed service area is not sufficient to justify a new hospital; no geographic problems exist for patients in the service area; this project would impact St. Lucie Medical Center, which currently maintains the leading primary market share for this area; this project would impact Lawnwood Regional Medical Center, which currently operates as a "safety net" hospital for residents of St. Lucie County; no need is demonstrated for an 80-bed hospital in St. Lucie County.

C. PROJECT SUMMARY

Martin Memorial Medical Center, Inc. (CON #9837) is applying to establish an 80-bed acute care hospital in St. Lucie County, District 9, Subdistrict 2. The applicant is a private, not-for-profit corporation operating Martin Memorial Medical Center and Martin Memorial Hospital – South under a common license, with a combined bed count of 336. 331 of these are designated for acute care, with the remaining five beds designated NICU Level II. The proposed site is within a planned community in western St. Lucie County, which is not owned by nor affiliated with the applicant.

The applicant proposes to condition the CON for the provision of 1.5 percent of the proposed project's gross revenues for charity care and 4.0 percent of admissions for Medicaid and Medicaid HMO patients.

The total project cost is estimated at $85,162,643. Construction costs are projected at $36,217,550 and the project will involve 136,670 GSF of new construction.

D. REVIEW PROCEDURE

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

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

Rule 59C-1.010(3)(b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the Applicant.

As part of the fact-finding, the consultant Karen Weaver analyzed the application with consultation from the financial analyst Ryan Fitch, who reviewed the financial data, and architect Joel Hill who evaluated the architecturals and the schematic drawings.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

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 31, Number 4 of the Florida Administrative Weekly (FAW) dated January 28, 2005, a fixed need pool of zero beds was published for acute care beds in District 9 for the January 2005 batching cycle. On April 15, 2005 in Volume 31 Number 15 of the Florida Administrative Weekly, the agency published a Notice of Withdrawal of the fixed need pools for acute care hospital beds that was published on January 28, 2005. As of this writing, a petition challenging this withdrawal of the fixed need pool is pending before the agency. This project is not submitted in response to published numeric need but is predicated upon arguments of special circumstance as detailed below.

District 9, Subdistrict 2 had a total of 798 licensed acute care beds with an occupancy rate of 64.26 percent for the July 2003 through June 2004 reporting period. Occupancy levels for Martin Memorial – North and Martin Memorial – South were 67.53 percent and 53.73 percent, respectively. Martin Memorial – South realized the lowest occupancy level in the subdistrict during this period. The following table illustrates utilization levels for the four District 9, Subdistrict 2 facilities:

Acute Care Bed Utilization for District 9 Subdistrict 2 07/2003 – 06/2004

Facility	Occupancy
St. Lucie Medical Center	72.73%
Lawnwood Regional Medical Center	59.51%
Martin Memorial Medical Center	***67.53%***
Martin Memorial Hospital South	***53.73%***
Subdistrict 2	**64.26%**
District 9	**64.54%**

Source: Florida Hospital Bed and Service Utilization by District, Volume II

No beds are currently approved for addition to the existing count at any of the above facilities.

The applicant contends three main special circumstances exist to warrant approval of the proposed project:

1. High population growth in western Port St. Lucie; as discussed below, utilization rates in this subdistrict have declined over the past five years despite population growth.

2. Project would improve access in various ways; as discussed below, the accessibility arguments provided either do not agree with information verified by the reviewer or do not solely justify need for an additional facility.
3. Beds are poorly distributed throughout the subdistrict; as discussed below, need is not based solely on the absence of a health facility in the proposed service area.

Other circumstances detailed by the applicant do not address need, but rather impact and quality of care, and therefore discussion of these is found in section E.3 below.

In response to point one, the following table illustrates population growth estimates and projections for a 10-year period for St. Lucie County (where the proposed facility would be located), District 9 and the State of Florida:

Population Estimates and Projections for St. Lucie County, District 9 and Florida

Date	Total County Population	Growth %	Total District Population	Growth %	Total State Population	Growth %
1-Jan-00	191,529		1,588,924		15,883,205	
1-Jan-01	196,840	2.77%	1,625,062	2.27%	16,245,736	2.28%
1-Jan-02	201,916	2.58%	1,662,130	2.28%	16,585,793	2.09%
1-Jan-03	209,672	3.84%	1,705,112	2.59%	16,970,984	2.32%
1-Jan-04	216,619	3.31%	1,746,895	2.45%	17,342,993	2.19%
1-Jan-05	221,329	2.17%	1,785,473	2.21%	17,679,224	1.94%
1-Jan-06	226,105	2.16%	1,823,589	2.13%	18,011,798	1.88%
1-Jan-07	231,102	2.21%	1,861,513	2.08%	18,343,562	1.84%
1-Jan-08	236,047	2.14%	1,899,010	2.01%	18,671,180	1.79%
1-Jan-09	240,932	2.07%	1,936,129	1.95%	18,995,543	1.74%
1-Jan-10	245,792	2.02%	1,973,012	1.90%	19,317,436	1.69%

Source: AHCA's Population Estimates, published April 2005

As seen above, population growth rates in St. Lucie County increased steadily until year 2004, but projections through year 2010 indicate this growth will slow to 2.02 percent, down from 3.31 percent in its fastest year. In all but one of the years shown above, the county growth is outpacing that of the district, and for all of the above years, county growth is outpacing state growth.

The applicant states that the population of Port St. Lucie was 124,863 in 2004[1], a slight difference from the City of Port St. Lucie Planning & Zoning website's listing of 115,000 for April 2004. The 2000 U.S. Census counted 88,769 people in the county, which would mean a 40.66 percent increase in the last four years by the applicant's number or a 29.55 percent increase by the city's planning & zoning website number. The

[1] This figure is attributed to the City of Port St. Lucie Planning and Zoning Department, Fourth Quarter 2004, Report of Dwelling Units and Population by Section.

applicant states that 95 percent of the growth in Port St. Lucie[2] has occurred in the western portion of the city, in the areas west of the North Fork of the St. Lucie River, where the primary service area (PSA) for this proposal has been designated. The PSA is more specifically defined as six zip codes in western Port St. Lucie: 34953, 34983, 34984, 34986, 34987 and 34988. The secondary service area (SSA) is defined as a four zip code area to the north and east of the PSA: 34952, 34957, 34981 and 34982, with all but a portion falling in St. Lucie County[3].

The applicant commissioned the Director of the Bureau of Economics and Business Research at the University of Florida to provide analyses and projections on the proposed service area, and these results are included throughout the CON application. The following table is provided by the applicant to demonstrate projected population increases in the PSA through 2011:

Primary Service Area Population Estimates

Age Cohort	2004	2011	Increase 2004-2011	Percent Change 2004-2011
Under 15	18,216	21,862	3,646	20.0%
15-44	33,883	41,113	7,230	21.3%
45-64	24,719	38,666	13,947	56.4%
65 and over	16,215	23,857	7,642	47.1%
TOTAL PSA	93,033	125,498	32,465	34.9%
Females 15-44	17,145	20,803	3,658	21.3%

Source: CON Application 9837, credited to Dr. Stanley K. Smith, Director of the Bureau of Economics and Business Research, University of Florida

The above figures, if correct, suggest levels of growth for the PSA exceeding those projected for St. Lucie County, District 9 and the State of Florida. While this does demonstrate growth in the PSA, it should be noted that small additions to small areas create higher growth percentages than do small additions to larger areas, so it is reasonable that an area embarking on development would have higher growth percentages than larger, more established areas. Tables provided by the applicant comparing projected growth for this area with projected growth for service areas of other recently approved hospital projects do not account for this, and therefore only demonstrate that this proposed project targets an area with a smaller current population than did some of the other projects.

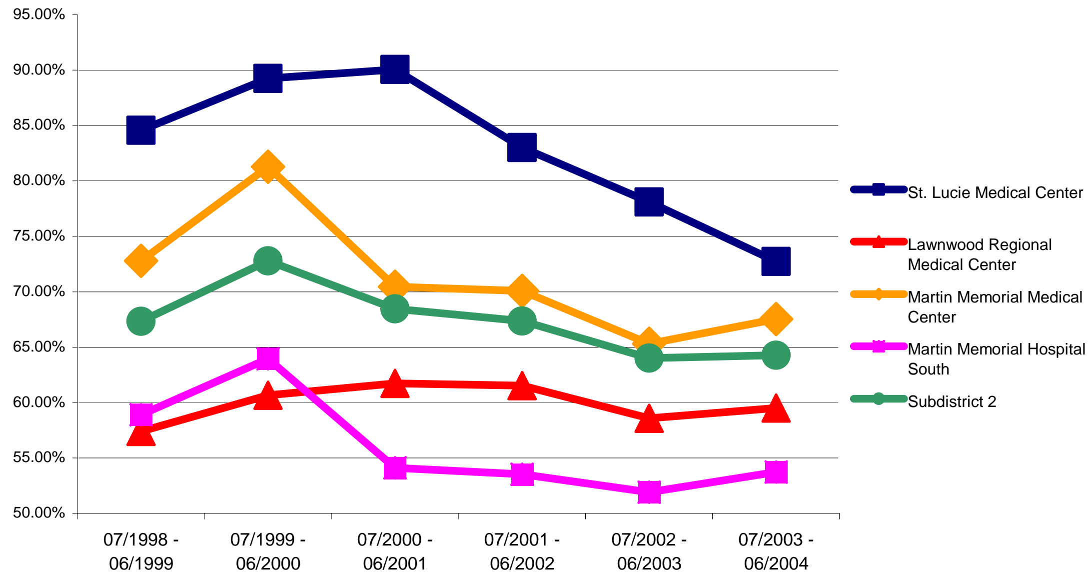
A table provided by the applicant on page 46 of the CON application suggests that the Tradition community, the planned community where the proposed site is located, is currently about 3.4 percent built-out, which suggests the population for this area has the ability to grow substantially in coming years. The current population of the Tradition

[2] This statistic is credited to the St. Lucie County Administrator's Office, April 2005
[3] The portion of the SSA not in St. Lucie County falls in Martin County, also subdistrict 2.

community is stated to be 596, with the potential to grow to 14,400 once built to capacity. This estimate does not account for the possibility that the Tradition community might not succeed in recruiting and/or retaining residents as is expected by its developers.

The following table demonstrates the changes in utilization percentages at Subdistrict 2 facilities over the past five years:

Historical Utilization at Subdistrict 2 Facilities 07/98 – 06/04



Source: Florida Hospital Bed and Service Utilization by District Volume II for shown dates

As seen in the above trend graph, utilization rates at Subdistrict 2 facilities have decreased over the past five years, despite the population growth shown to have occurred above; therefore, population growth alone does not provide sufficient evidence of need for an additional facility in this subdistrict. It is noted that St. Lucie Medical Center has added beds to its count during this time period, which has added to its utilization decline as shown above. Recent changes to CON legislation allow hospitals in non-low growth counties like St. Lucie to add beds with notification of the agency outside of CON review. It should be noted that in its letter of opposition to the proposed project, St. Lucie Medical Center identified 40,000 square feet of shelled in space at its existing facility that could be used to add 40 beds. St. Lucie also stated it has the ability to add two floors in response to community growth, and that either of these options would be less expensive to the healthcare system.

Population increases have not been sufficient enough to fill any Subdistrict 2 facility to capacity, given their existing ability to add beds with notification of the agency. While it is likely that population growth will continue in the county and the western portion of Port St. Lucie, it is not clear that this growth will exceed the capacities of existing facilities.

As discussed in section E.3.d. below, even with the population increase assumed above, the applicant will have to increase its existing market share in the primary service area in order to obtain the projected level of occupancy in year two. Impact would likely occur on area facilities even after considering the offsetting effect of population growth.

The applicant's point two is that the proposed project would improve access in various ways, including access to emergency care, obstetrical care, access in the event of natural disasters and access for the medically underserved or underfunded populations.

The following table illustrates distance in miles between Subdistrict 2 facilities:

Mileage Between Existing and Proposed Facilities Subdistrict 2

	St. Lucie Medical Center	Lawnwood Regional Medical Center	Martin Memorial Medical Center	Martin Memorial Hospital South	*Proposed Facility
St. Lucie Medical Center		11.9	7.8	12.4	10.4
Lawnwood Regional Medical Center	11.9		19.3	23.9	15.4
Martin Memorial Medical Center	7.8	19.3		5.9	16.4
Martin Memorial Hospital South	12.4	23.9	5.9		20.9
*Proposed Facility	10.4	15.4	16.4	20.9	

* Address used for this analysis belongs to the Tradition Welcome Center. The proposed hospital site is less than one mile from this address, but no physical address is yet assigned for the area reserved for a hospital.

Source: Expedia.com

As seen above, the facility farthest from the proposed site is Martin Memorial Hospital – South at 20.9 miles away, followed by the applicant's other facility, Martin Memorial Medical Center – North, at

16.4 miles. The proposed site is closest in this subdistrict to the two facilities not affiliated with the applicant, St. Lucie Medical Center at 10.4 miles away, and Lawnwood Regional at 15.4 miles.

The applicant contends three barriers exist to impede access to these four facilities for residents of the PSA, those being the North Fork of the St. Lucie River, the Florida Turnpike and Interstate 95. Two bridges are said to cross the North Fork, and projected population increases discussed above are expected to swell traffic levels on these two bridges, increasing travel times for patients leaving the western area of Port St. Lucie. The applicant states on page 78 of the CON application that a study is currently underway to determine the site for an additional bridge.

Average ambulance transport times for the first three months of 2005 are provided by the applicant on page 23 of the application, and these ranged from 15.4 minutes to 20.9 minutes from the western part of Port St. Lucie to the closest medical facility. These quotes are from ambulance transfer times from three existing dispatch points (fire-rescue stations); a fourth is planned for the Tradition community, which will likely reduce transport times further for those living in the most western areas of Port St. Lucie. A support letter from the Fire Chief of the St. Lucie County Fire District states that need is projected for at least four new fire stations in this area.

The Florida Turnpike is said to have two overpasses where area residents can cross from the western to eastern portions of Port St. Lucie, and I-95 is also said to have two access points for residents to cross the river. Additional interchanges are planned for both the Turnpike and I-95, which are not expected to improve access from west to east, but should improve access from south to north, thereby allowing easier access for patients in the south western portion of the city to the proposed facility. This said, it remains that average travel times provided by the applicant did not exceed 21 minutes. The applicant states that Martin Memorial Health Systems owns "a non-emergency ambulance transportation company that can effect patient transfers expeditiously when needed." [4] If these patient transfers can be handled expeditiously for non-emergencies, it is not clear why the same is not true for emergency patient transfers.

The applicant provides discussion on the growth of emergency room visits in St. Lucie County from year 2000 to 2004, and this is perhaps attributable to the growth in population as demonstrated previously in

[4] The applicant states this service is owned through Coastal Care Corporation. Coastal Care Corporation is identified as "the outpatient company," an affiliate of the applicant and a subsidiary of Martin Memorial Health Systems

this section. No evidence is provided that Subdistrict 2 emergency departments are at capacity, necessitating an additional venue.

The applicant states that 58.0 percent of obstetrical (OB) patients from the PSA left St. Lucie County for care in 2004[5]. The following table illustrates obstetrical market share percentages for Subdistrict 2 facilities during calendar year 2004:

Obstetrical Market Share Percentages of Patients Originating from PSA during CY 2004

Facility	OB as % of Patient Days	OB as % of Admissions
St. Lucie Medical Center	24.13%	28.52%
Lawnwood Regional Medical Center	13.28%	12.59%
Martin Memorial Medical Center	**39.04%**	**44.63%**
Martin Memorial Hospital South	**0.03%**	**0.09%**
Subdistrict 2	76.48%	85.83%
Outside Subdistrict 2	**23.52%**	**14.17%**

Source: State Center for Health Statistics

As seen above, the majority of PSA residents sought obstetrical services within Subdistrict 2, St. Lucie and Martin Counties, whether patient days or number of admissions is considered. Martin Memorial maintained the leading share in this subdistrict during this time, and Martin Memorial is indeed located in Martin County while St. Lucie Medical Center and Lawnwood Regional Medical Center are each located in St. Lucie County; however, the area utilized by the Agency in conjunction with the methodology for determining need for acute care beds is the subdistrict, and Subdistrict 2 includes Martin and St. Lucie Counties. Substantially smaller percentages of PSA residents sought OB care outside the subdistrict during this time, whether patient days or number of admissions is considered. It is not clear that outmigration for OB services is an issue for Subdistrict 2.

For clarity, the following table illustrates primary market share (as opposed to OB market share) for Subdistrict 2 facilities:

[5] The applicant credits the AHCA Patient Database for MDC 14. The table above shows 62.59 percent of OB patients from this area sought services outside St. Lucie County and 58.89 percent of OB admissions from this area were outside St. Lucie County. Martin Memorial facilities are in Martin County.

Primary Market Share from PSA at Subdistrict 2 Facilities During CY 2004

Facility	As % of Patient Days	As % of Admissions
St. Lucie Medical Center	53.11%	50.85%
Lawnwood Regional Medical Center	10.39%	11.17%
Martin Memorial Medical Center	**16.56%**	**21.10%**
Martin Memorial Hospital South	**2.03%**	**1.90%**
Subdistrict 2	**82.09%**	**85.02%**

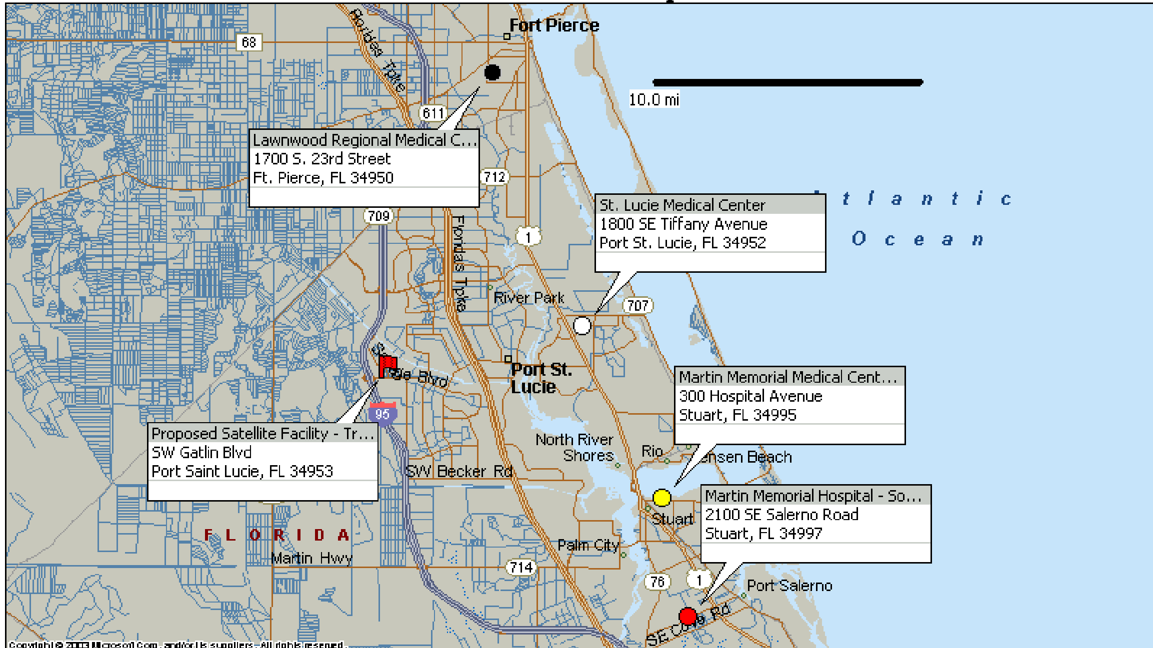
Source: State Center for Health Statistics

As seen above, the applicant does not have a significant presence within the primary market of the service area, and the proposed facility is likely an attempt to increase its market share in this area. As discussed above, with the ability to add beds with notification of the agency as St. Lucie has done previously, utilization has declined despite population growth and no need is demonstrated for the proposed facility. It is not demonstrated that existing resources are insufficient to meet any growing needs of the community.

Impact of the proposed project would likely affect St. Lucie Medical Center more than Lawnwood RMC due to the percentages shown above. Because utilization rates have decreased at St. Lucie and have been historically lower at Lawnwood RMC, impact on either facility should be considered. It is further noted that Lawnwood RMC provides the highest level of Medicaid care in the subdistrict, as discussed below.

The applicant states that the proposed site is inland to add an alternative if closures occur due to hurricane damage. One hundred seventy-nine acute care beds were reportedly taken out of service at Martin Memorial Medical Center due to hurricane damage during the 2004 storm season, and the applicant states this could have been offset by the proposed facility. The following map illustrates the existing facilities' distances from the coast:

District 9 – Subdistrict 2 Facilities and Proposed Satellite Location



Source: Microsoft MapPoint 2004

As seen above, the existing four Subdistrict 2 facilities are closer to the Atlantic coastline than is the proposed satellite site; however, it remains that the proposed site is within a short distance of the Martin campus that sustained this damage. Although the proposed location has been moved further west than previous applications, it is unlikely that the proposed location's distance from the coastline would provide any material protection from damage and/or closure when hurricanes cross land over Subdistrict 2. Because of this, the inland location of the proposed site does not evidence need for an additional facility in Subdistrict 2.

The applicant states the proposed facility would increase access for the medically underserved and/or underfunded populations of the area. The following table illustrates the Medicaid and charity care provisions of Subdistrict 2 facilities for fiscal year (FY) 2003:

Subdistrict 2 Medicaid and Charity Care Provisions for FY 2003

Facility	Medicaid	Charity Care	Total
St. Lucie Medical Center	7.00%	1.30%	8.30%
Lawnwood Regional Medical Center	22.20%	2.70%	24.90%
***Martin Memorial Medical Center**	***7.10%***	***2.20%***	***9.30%***
Subdistrict 2 Average	**12.10%**	**2.07%**	**14.17%**

* Martin Memorial Medical Center data include data for Martin Memorial Hospital South. The two filed consolidated financial statements with the agency for the last reporting period.
Source: Florida Hospital Financial Data FY 2003

As seen above, the applicant facilities provided a combined Medicaid and charity care percentage of 14.17 during fiscal year 2003, less than one

third of that provided by Lawnwood Regional Medical Center during this time. This combined total exceeded St. Lucie Medical Center's combined provision by 1.0 percent.

The applicant provides charity care dollar amounts provided by Subdistrict 2 facilities, but these do not consider differences in charging practices, costs and other factors. As a percentage of gross revenue, the applicant facilities provide a level of charity care consistent with that of the two non-applicant facilities in the subdistrict. Medicaid provisions at the applicant facilities are significantly below that of Lawnwood Regional Medical Center and are only slightly above that of St. Lucie Medical Center. The condition proposed for this project is for 1.5 percent of gross revenues to be provided to charity care services and 4.0 percent of total admissions would be Medicaid patients. This proposed charity care percentage would be a decrease in the amount currently provided by the two applicant facilities, and the proposed Medicaid amount would be a 3.1 percent decrease in the amount currently provided by the two applicant facilities. It is not clear that the proposed project would increase access for the underserved and/or underfunded populations of Subdistrict 2 over what is already available at existing facilities.

In point three, the applicant states that beds are poorly distributed throughout the county of St. Lucie, and that zero beds exist within the PSA; however, need is not determined solely on the absence of a health service, health care facility, or beds in the district, subdistrict, region or proposed service area.

Utilization rates, as seen above, are not approaching capacity for any facility in this subdistrict, and these rates have in fact been decreasing over the past five years. Unmet need is not demonstrated.

The applicant contends that population growth, improved access and the current poor distribution of beds throughout the subdistrict demonstrate need for the proposed project in western Port St. Lucie; however, population growth has not been sufficient to outweigh Subdistrict 2 facilities' ability to add beds, and utilization in the subdistrict has declined over the last five years. Access arguments presented do not solely justify need for an additional facility, when space is available for build-out at existing facilities. Need is not determined by distribution of beds throughout the planning area, but by the utilization of existing beds within that planning area. Need for the proposed project is not demonstrated by the applicant.

2. Agency Rule Criteria

The Agency does not currently have adopted preferences or Rule criteria relating to acute care beds. The acute care rule was repealed as a result of statutory changes made on July 1, 2004. The rule repeal was effective April 21, 2005.

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.

Availability

No additional services would be made available to Subdistrict 2 with this project than those already available.

Quality of Care

Martin Memorial Health Systems, Inc. is accredited by JCAHO, and additional awards and accreditations are detailed on pages 117-121 of the application.

For the three-year period ending March 28, 2005, the two Martin Memorial campuses had a combined total of five closed and confirmed complaints: three for EMTALA (closed by CMS), one for failure to report incident and one for patient care.

Efficiency

The applicant argues that the proposed project reflects long-term health planning to ensure resources are distributed where needs exist. The applicant states that it would suggest poor health planning for St. Lucie Medical Center and Martin Memorial, the two facilities where residents of the PSA currently most commonly seek care, to continue expanding on-site, considering the growth and the increased demand for services implied with such growth. As demonstrated previously in section E.1. above, this area has exhibited growth, but that growth has not translated into higher utilization rates for any of the Subdistrict 2 facilities, and in fact, Subdistrict 2 facilities, through bed additions, have experienced decreasing trends in their occupancy levels over the past five years. The

Martin Memorial – North campus is said to be aging, and the proposed project would be a more efficient use of dollars than changing the existing facility to meet expanding need. Again, no evidence is found that need is expanding beyond current health care capacity in this subdistrict.

Accessibility

Point two discussed in section E.1. above is that the proposed project would improve access in various ways, including access to emergency care, obstetrical care, access in the event of natural disasters and access for the medically underserved or underfunded populations.

As demonstrated in that section, St. Lucie Medical Center is 10.4 miles away from the proposed site, Lawnwood Regional is 15.4 miles away, Martin Medical – North is 16.4 miles away and Martin Memorial – South is 20.9 miles away. The North Fork of the St. Lucie River separates the PSA from the existing facilities, but ambulance transport times provided by the applicant indicate that with the two current bridges (a third is in early planning stages), patient transfers from the PSA have averaged 15.4 minutes to 20.9 minutes.

No evidence is provided that Subdistrict 2 emergency departments are at capacity, necessitating an additional venue.

The majority of PSA residents sought obstetrical services within Subdistrict 2, whether patient days or number of admissions is considered, and therefore it is not clear that outmigration for OB services is an issue for Subdistrict 2.

The proposed site would not likely provide material protection from hurricane damage.

The applicant's facilities provided a combined Medicaid and charity care percentage less than one-third of that provided by Lawnwood Regional Medical Center during fiscal year 2003, and as a percentage of gross revenue, the applicant facilities provide a level of charity care consistent with that of the two non-applicant facilities in the subdistrict. Medicaid provisions at the applicant facilities are significantly below that of Lawnwood Regional Medical Center and are only slightly above that of St. Lucie Medical Center. The proposed charity care percentage and

Medicaid percentage would be decreases of those currently provided by the two applicant facilities. It is not clear that the proposed project would increase access for the underserved and/or underfunded populations of Subdistrict 2 over what is already available at existing facilities.

Improvement in accessibility to health care services for residents of the PSA is not demonstrated with the proposed project.

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 and demonstrate the ability to provide quality care? ss. 408.035(3), 408.035(12), Florida Statutes.

Martin Memorial Health Systems, Inc. is accredited by JCAHO, and additional awards and accreditations are detailed on pages 117-121 of the application.

For the three-year period ending March 28, 2005, the two Martin Memorial campuses had a combined total of five closed and confirmed complaints: three for EMTALA (closed by CMS), one for failure to report incident and one for patient care.

The applicant pledges a commitment to the Port St. Lucie area and states that its mission is to “provide access to the very best possible healthcare services delivered with compassion, pride and a caring spirit.” The applicant operates inpatient and outpatient facilities, co-operates a non-emergency patient transport service and provides a host of patient wellness programs. The applicant states that it has a longstanding commitment to quality of care for emergency services, including the provision of full specialty coverage in the emergency room of its facilities, and that this commitment would extend to the proposed facility.

c. What resources, including health manpower, management personnel, and funds for capital and operating expenditures, are available for project accomplishment and operation?

The audited financial statements of the applicant, for the periods ending September 30, 2003 and 2004 were analyzed for the purpose of evaluating the applicant’s ability to provide the capital and operational funding necessary to implement the project.

MARTIN MEMORIAL MEDICAL CENTER

	9/30/2004	9/30/2003
Current Assets	$ 114,535,000	$ 103,976,000
Cash and Current Investment	$ 73,496,000	$ 64,974,000
Assets Restricted for Capital Projects	$ -	$ -
Total Assets	$ 227,756,000	$ 215,910,000
Current Liabilities	$ 22,338,000	$ 21,875,000
Total Liabilities	$ 150,756,000	$ 143,089,000
Net Assets	$ 76,956,000	$ 72,778,000
Total Revenues	$ 236,434,000	$ 210,081,000
Interest Expense	$ 5,058,000	$ 5,053,000
Excess of Revenues Over Expenses	$ 18,637,000	$ 6,439,000
Cash Flow from Operations	$ 24,734,000	$ 20,780,000
Working Capital	$ 92,197,000	$ 82,101,000
Current Ratio (CA/CL)	5.1	4.8
Cash Flow to Current Liabilities (CFO/CL)	1.1	0.9
Long-Term Debt to Net Assets (TL-CL/NA)	1.7	1.7
Times Interest Earned (NPO+Int/Int)	4.7	2.3
Net Assets to Total Assets (TE/TA)	33.8%	33.7%
Operating Margin (ER/TR)	7.9%	3.1%
Return on Assets (ER/TA)	8.2%	3.0%
Operating Cash Flow to Assets (CFO/TA)	10.9%	9.6%

Short-Term Position:
The applicant's current ratio of 5.1 is well above average indicating current assets are more than five times current liabilities, a good position. The ratio of cash flows to current liabilities of 1.1 is above average, a good position. The working capital (current assets less current liabilities) of $92.2 million is a measure of excess liquidity that could be used to fund capital projects. Overall, the applicant has a good short-term position.

Long-Term Position:
The ratio of long-term debt to net assets of 1.7 indicates long-term debt is greater than equity. This is well above average and a weak position. The ratio of cash flow to assets of 10.9 percent is slightly above average and a moderate position. The most recent year had $18.6 million of income from operations, which resulted in an operating margin of 7.9 percent. Overall, the applicant has a slightly weak but adequate long-term position.

Capital Requirements:
Schedule 2 indicates the applicant has capital projects and maturities of long-term debt through 2008 totaling $188.6 million. This amount includes estimated costs to repair hurricane damage.

Available Capital:
Funding for this project will come from $13.1 million in cash on hand and $72.1 million from tax exempt bond financing. Operating cash flows for the most recent year was $24.7 million. As discussed above working capital is $92.2 million. The applicant provided a letter dated April 14, 2005, from Ziegler Capital Markets Group (Ziegler). The letter indicates Ziegler's commitment to underwrite $72.1 million of a tax-exempt bond issue for this project. The applicant is also affiliated with the Martin Memorial Foundation, Inc. (Foundation). The Foundation is another source of potential funding with $9.8 million in net assets ($3.2 million unrestricted). The applicant also indicated that it owns 16 acres of land, which was previously meant to be used for this project. The applicant indicated it is prepared to sell this land to help pay for the cost of the new site.

Conclusion:
With this project, the applicant will continue to be highly leveraged. The applicant submitted a letter from Ziegler indicating that incurring additional debt for this project is financially viable. With the resources of the applicant and commitment from Ziegler, funding for this project and all capital projects should be available as needed.

Staffing:
Schedule 6A shows 380.5 FTEs for the hospital project by the end of year three (September 30, 2011). Various positions including physicians are not accounted for on this schedule, and that is most likely due to sharing resources with the two existing applicant facilities. In year three, the proposed hospital is projected to employ 134.1 FTEs of RNs, zero LPNs and 40.0 FTEs of nurses aides. The applicant expresses in the Schedule B narrative that the Martin Memorial parent has been relatively unaffected by the nursing shortages in Florida, and that recruitment and retention efforts have resulted in a current vacancy rate of less than six percent. The applicant does not anticipate problems with obtaining a nursing staff for the proposed facility. The applicant does not address how it will counter the shortage of emergency department physicians, other than to state that it will attract the necessary primary and specialty

physicians and will provide training opportunities for health care professional programs, such as those offered at regional colleges and universities. The applicant provides copies of emergency room call schedules for Martin Memorial, as well as emergency department call rosters faxed from St. Lucie Medical Center and Lawnwood Regional Medical Center.

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 management skills 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.

The applicant has stated that the new hospital will serve the patient population in the following zip codes: primary 34953, 34983, 34984, 34986, 34987, 34988 and secondary 34952, 34957, 34981, 34982. The case mix data was tested, using the 24,396 patients discharged from the indicated zip codes during 2003, excluding DRGs for services not provided. The computed case mix index for these cases was 1.060. 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 4. Per diem rates are projected to increase by an average of 3.7 percent per year. Inflation adjustments were based on the new CMS Market Basket, 1st Quarter, 2005.

Virtually all of the revenue projections and a majority of expense projections are dependant on the applicant's occupancy assumptions. An overstatement of the level of occupancy could have a materially negative affect on the projected financials. Therefore, an analysis of the applicant's occupancy assumptions has been conducted.

This application is for an 80-bed satellite hospital for Martin Memorial Medical Center (Parent Hospital). In 2004, the parent hospital and south campus accounted for 18.59 percent of the patient days (7,245) in the primary service area for the services expected to be provided by the satellite hospital. The applicant estimates that 75 to 80 percent of its admissions will come from the primary service area. The applicant is projecting population growth of 30.2 percent in the primary service area through the second year of the project. The applicant is projecting 15,571 patient days in year two for the satellite hospital. Even with the population increase assumed above, the applicant will have to increase its existing market share in the primary service area in order to obtain the projected level of occupancy in year two.

The projected payer mix was also tested with the payer mix in the proposed zip codes for the services to be provided by the satellite hospital. The projected payer mix is relatively consistent with the existing payer mix in the proposed service area with the exception of charity care. The applicant is projecting 2.99 percent of services to be provided in patient days as charity days. In 2004, only 0.93 percent of the patient days for the satellite services in the service area were charity days and the parent hospital did not record any charity days from the service area for the proposed satellite services. Therefore, charity days are likely overstated. Overstating charity care is a conservative assumption relative to the financial projections. Based on the above, the projected payer mix appears reasonable.

The applicant has offered a condition to serve four percent of total patient admissions through Medicaid and Medicaid HMO, and 1.5 percent of charges for charity patients. The current share of Medicaid and Medicaid HMO admissions in the projected service area for the services to be provided by the satellite hospital is approximately 10 percent. An analysis of the parent hospitals patient days indicates that, 9.9 percent of the parent hospital's patient days from the projected service area for the services to be provided by the satellite hospital were for Medicaid and Medicaid HMO payers. Therefore, it appears that the current payer mix of the proposed service area has a sufficient share of Medicaid and Medicaid HMO patient days, which should enable the applicant to meet the proposed condition. As discussed above, only 0.93 percent of the patient days for the satellite services in the service area were charity days and the parent hospital did not record any charity

days from the service area for the proposed satellite services. In order to meet the proposed charity condition, the applicant will have to increase its share of charity patients beyond the share of charity patients in the market.

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 $1,828 in year one and $1,863 in year two is between the control group median and highest values of $1,472 and $2,357 in year one and $1,515 and $2,425 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).

Projected cost per adjusted patient day (CAPD) of $2,083 in year one and $1,873 in year two is between the group median and highest values of $1,389 and $2,123 in year one and $1,551 and $2,370 in year two. This level of expense is considered feasible with projected cost falling between the control group median and highest values. (See Comparative Table). The applicant is projecting a decrease in CAPD between year one and year two of approximately 10 percent. 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 $211,000, which computes to an operating margin per adjusted patient day of a negative $10. This is between the control group median and lowest value of $81 and a negative $158. The group 4 data is derived from mature hospitals. As discussed above, this application is for a new acute care hospital and economies of scale will be realized as the projected occupancy rate increases. The applicant is projecting an occupancy rate in year three of 75.1 percent with projected operating income of $5.7 million.

Although the applicant is highly leveraged, funds should be available for working capital until a profit can be achieved by year three. Assuming the applicant can meet its projected occupancy levels, the financial feasibility of this project appears likely by the third year of operations.

COMPARATIVE TABLE

MARTIN MEMORIAL MEDICAL CENTER

CON Action Numbers: 9837

CON # 9837 **2003 DATA Peer Group 4**	September 2010 YEAR 2 ACTIVITY	YEAR 2 ACTIVITY PER DAY	VALUES ADJUSTED FOR INFLATION Highest	 Median	 Lowest
ROUTINE SERVICES	113,617,000	5,195	1,108	628	346
INPATIENT AMBULATORY	0	0	289	108	27
INPATIENT SURGERY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES	0	0	5,011	2,511	1,423
OUTPATIENT SERVICES	45,550,000	2,083	2,956	1,948	1,268
TOTAL PATIENT SERVICES REV.	159,167,000	7,277	7,908	5,561	3,759
OTHER OPERATING REVENUE	430,000	20	30	8	1
TOTAL REVENUE	159,597,000	7,297	7,910	5,566	3,774
DEDUCTIONS FROM REVENUE	118,850,000	5,434	0	0	0
NET REVENUES	40,747,000	1,863	2,425	1,515	1,099
EXPENSES					
ROUTINE	12,000,000	549	337	231	149
ANCILLARY	8,810,000	403	707	474	367
AMBULATORY	2,483,000	114	0	0	0
TOTAL PATIENT CARE COST	23,293,000	1,065	0	0	0
ADMIN. AND OVERHEAD	7,543,000	345	0	0	0
PROPERTY	10,122,000	463	0	0	0
TOTAL OVERHEAD EXPENSE	17,665,000	808	1,248	623	481
OTHER OPERATING EXPENSE	0	0	0	0	0
TOTAL EXPENSES	40,958,000	1,873	2,185	1,430	1,113
OPERATING INCOME	-211,000	-10	256	81	-158
		-0.5%			
PATIENT DAYS	15,571				
ADJUSTED PATIENT DAYS	21,872				
TOTAL BED DAYS AVAILABLE	29,200		VALUES NOT ADJUSTED FOR INFLATION		
ADJ. FACTOR	0.7119				
TOTAL NUMBER OF BEDS	80		Highest	Median	Lowest
PERCENT OCCUPANCY	53.33%		83.8%	57.7%	25.2%
PAYER TYPE	PATIENT DAYS	% TOTAL			
SELF PAY	862	5.5%			
MEDICAID	1,487	9.5%	30.1%	7.0%	1.3%
MEDICAID HMO	54	0.3%			
MEDICARE	7,086	45.5%	72.9%	46.3%	17.1%
MEDICARE HMO	452	2.9%			
INSURANCE	1,458	9.4%			
HMO/PPO	3,905	25.1%	56.1%	34.3%	8.5%
OTHER	267	1.7%			
TOTAL	15,571	100%			

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

Competition to promote quality and cost-effectiveness is driven primarily by the best combination of high quality and low price. Competition forces hospitals to increase quality and reduce charges/cost in order to remain viable in the market.

The applicant has 18.59 percent of the patient days in the projected primary service area for the services to be provided by the satellite hospital. This indicates the applicant currently has a material presence in the proposed market and therefore is not offering a new choice of provider or services.

The impact of the price of services on consumer choice is limited to the payer type. Most consumers do not pay directly for hospital services rather they are covered by a third-party payer. The impact of price competition would be limited to third-party payers that negotiate price for services, namely managed care organizations. Therefore, price competition is limited to the share of patient days that are under managed care plans. The applicant forecasts managed care levels at 28.3 percent, which is below the group median of 34.3 percent. As discussed above, the applicant is already serving this area and therefore is not adding a new pricing alternative to the market.

Although the applicant is not a new provider in the service area, the satellite hospital will give consumers a new choice of location. This being said, the proposed satellite is likely to draw greater market share than the parent hospital's current share. Competing hospitals will have to increase quality and services and/or decrease prices in order overcome the competitive advantage gained by location. An evaluation of the primary service area for the DRGs expected to be delivered by the satellite hospital show that three facilities account for 80.06 percent of the patient days for the satellite services (St. Lucie Medical Center 53.11 percent, Martin Memorial Medical Center-North Campus 16.56 percent, and Lawnwood Regional Medical Center 10.39 percent).

Although this application is not adding a new provider to the area, the competitive advantage inherent in the satellites location will likely increase the applicant's current market share of the proposed service area. As discussed above, even with the population increase assumed by the applicant, the applicant will have to increase its existing market share in the primary service area in order to achieve the projected occupancy in year two. This increase in the applicant's market share may encourage competing hospitals to find new ways to attract patients from this area either through increases in quality of care and/or

decreases in prices. Based on the above, this project will likely have a positive impact on competition.

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.

The applicant proposes to build an 80-bed hospital in St. Lucie County. Almost identical plans for this facility were submitted with CON #'s 9557, 9772 and 9810. Numerous architectural comments were made and certain floor plan areas questioned at each iteration. Some issues have been resolved or have generated plan changes but some areas of the plans remain as they were since the first review in May of 2002. Perhaps the applicant had good reasons for some of the questionable issues and plans to explain them if the proposal became an actual project.

A site has been selected since the last CON application. It must conform to the criteria for disaster preparedness in the Florida Building Code and the applicant should be aware of this since it has been mentioned in all three previous architectural reviews. There is a list of applicable codes in the application, but by the time this project could be submitted to the AHCA Office of Plans and Construction, most of the codes will have been updated or changed.

Page 2 of Schedule 9 appears to have a typographical error in that it still lists 64 medical/surgical beds while this application has reduced that number to 60. Additionally, the hospital will have eight ICU beds and 12 LDRP rooms. The medical/surgical beds will be in two wings on the 2nd floor. All patient rooms will be private.

There were 1/16" = 1'-0" overall plans of the hospital and large-scale plans of two typical patient rooms. The patient rooms now have a hand washing station inside the room as required. The handicapped accessible patient rooms are placed close to the nurse stations where the staff can more easily observe them and the four isolation rooms seem to have been eliminated since the last application.

The emergency department is quite large and has the decontamination space required by The Guidelines, 7.9.D.25. The surgical suite has three operating rooms and an endoscopy procedure room on the first floor. The ORs must have a minimum of 400 square feet and they appear to be large enough.

The surgery suite still does not have a well-designed path through the toilet/shower/lounge rooms to the semi-restricted area. The spaces labeled for staff have a good traffic flow, but the ones identified for

physicians do not have a door leading directly into the semi-restricted corridor. Physicians must exit through the staff's lounge making it little more than a corridor. Furthermore, section 7.7.C11 of The Guidelines requires that there be separate spaces for males and females, not for staff and physicians. This entire area of the surgical suite needs to be revised to meet the requirements of The Guidelines.

Parenthetically, most hospitals have separate locker/toilet/shower rooms for physicians and staff of both sexes, making a total of four such groups of spaces, but only separate ones for males and females are required.

There are no spaces indicated for pre-op holding as required by The Guidelines, Paragraph 7.7.B1. There must also be a morgue with an exterior door as required by Paragraph 7.16. Perhaps the room labeled "Bio Waste" is intended to actually be the morgue.

The information from Schedule 10 indicates that sufficient time has been allowed for construction. Costs have increased since the original proposal, and that is to be expected, but maybe not to the degree presented. Some of the increases can be attributed to the fact that the required sizes of some spaces, particularly patient rooms, have increased in the past three years. As shown in the tables below, since the original application, CON #9557, the building size has increased by only six percent but the construction cost has increased by more than 54 percent. The total project cost has increased by 48 percent, which equates to more than 12 million dollars. This probably needs some justification by the applicant. Possibly some of these figures are in error.

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.

The following table illustrates the Medicaid and charity care provisions of Subdistrict 2 facilities for fiscal year (FY) 2003:

Subdistrict 2 Medicaid and Charity Care Provisions for FY 2003

Facility	Medicaid	Charity Care	Total
St. Lucie Medical Center	7.00%	1.30%	8.30%
Lawnwood Regional Medical Center	22.20%	2.70%	24.90%
***Martin Memorial Medical Center**	***7.10%***	***2.20%***	***9.30%***
Subdistrict 2 Average	**12.10%**	**2.07%**	**14.17%**

* Martin Memorial Medical Center data include data for Martin Memorial Hospital South. The two filed consolidated financial statements with the agency for the last reporting period.
Source: Florida Hospital Financial Data FY 2003

As seen above, the applicant facilities provided a combined Medicaid and charity care percentage of 14.17 during fiscal year 2003, less than one-third of that provided by Lawnwood Regional Medical Center during this time. This combined total exceeded St. Lucie Medical Center's combined provision by 1.0 percent.

The applicant provides charity care dollar amounts provided by Subdistrict 2 facilities, but these do not consider differences in charging practices, costs and other factors. As a percentage of gross revenue, the applicant facilities provide a level of charity care consistent with that of the two non-applicant facilities in the subdistrict. Medicaid provisions at the applicant facilities are significantly below that of Lawnwood Regional Medical Center and are only slightly above that of St. Lucie Medical Center.

The condition proposed for this project is for 1.5 percent of gross revenues to be provided to charity care services and 4.0 percent of total admissions would be Medicaid patients. This proposed charity care percentage would be a decrease in the amount currently provided by the two applicant facilities, and the proposed Medicaid amount would be a 3.1 percent decrease in the amount currently provided by the two applicant facilities.

F. SUMMARY

Martin Memorial Medical Center, Inc. (CON #9837) is applying to establish an 80-bed acute care hospital in St. Lucie County, District 9, Subdistrict 2. The applicant is a private, not-for-profit corporation operating Martin Memorial Medical Center and Martin Memorial-South under a common license, with a combined bed count of 336. All 100 beds at Martin Memorial – South are designated for acute care, 231 of the 236 beds at Martin Memorial – North (or the Martin Memorial main campus) are designated for acute care, with the remaining five beds designated for NICU Level II. The proposed site is within a planned community in western St. Lucie County, which is not owned by nor affiliated with the applicant.

The applicant proposes to condition the CON for the provision of 1.5 percent of the proposed project's gross revenues for charity care and 4.0 percent of admissions for Medicaid and Medicaid HMO patients.

The total project cost is estimated at $85,162,643. Construction costs are projected at $36,217,550 and the project will involve 136,670 GSF of new construction.

After weighing and balancing all relevant criteria, the following issues are presented:

Need/Other Special Circumstances:

- The proposed project is not in response to published need.

- The Subdistrict 2 occupancy rate was 64.26 percent from July 2003 through June 2004, and occupancy levels for Martin Memorial – North and Martin Memorial – South were 67.53 percent and 53.73 percent, respectively. Martin Memorial – South realized the lowest occupancy level in the subdistrict during this period.

- With bed additions, utilization rates in this subdistrict have declined over the past five years despite population growth.

- Even with population increases, the applicant will have to increase its existing market share to obtain the projected level of occupancy in year two. Existing facilities will be impacted should this occur. Lawnwood could be negatively impacted.

- Need was not demonstrated for the proposed project. It is not demonstrated that existing resources are insufficient to meet any growing needs of the community.

- The applicant does not have a significant presence within the primary market of the service area, and the proposed facility is likely an attempt to increase market share in this area.

Quality of Care:
- For the three-year period ending March 28, 2005, the two Martin Memorial campuses had a combined total of five closed and confirmed complaints: three for EMTALA (closed by CMS), one for failure to report incident and one for patient care.

Medicaid/charity care:
- As a percentage of gross revenue, the applicant facilities provide a level of charity care consistent with that of the two non-applicant facilities in the subdistrict.

- Medicaid provisions at the applicant facilities are significantly below that of Lawnwood Regional Medical Center and are only slightly above that of St. Lucie Medical Center.

- The applicant proposes a condition for this project of 1.5 percent of gross revenues to be provided to charity care services and 4.0 percent of total admissions to Medicaid patients. Each of these percentages would be a decrease in the percentages currently provided by the two applicant facilities.

Financial Feasibility:
- Overall, the applicant has a good short-term position and a slightly weak but adequate long-term position.

- With the resources of the applicant and commitment from Ziegler, funding for this project and all capital projects should be available as needed.

- Financial feasibility of this project appears likely by the third-year of operations.

Architectural Analysis:

- All patient rooms will be private.
- The surgery suite is not well designed. This entire area of the surgical suite needs to be revised to meet the requirements of The Guidelines.
- There are no spaces indicated for pre-op holding as required by The Guidelines. There must also be a morgue with an exterior door.
- Construction time frames seem reasonable. Costs are somewhat questionable.

G. RECOMMENDATION

Deny CON #9837.

CON Action Numbers: 9837

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