

STATE AGENCY ACTION REPORT
CON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

Bethesda Healthcare System/CON #9838

2815 South Seacrest Boulevard
Boynton Beach, Florida 33435

Authorized Representative: Robert B. Hill, President & C.E.O.
(561) 737-7733

2. Service District/Subdistrict

District 9/Subdistrict 5 (Palm Beach County)

B. PUBLIC HEARING

No public hearing was requested. One hundred sixty-seven letters of support were received, all similar in content and attesting to population increases, aging demographics, travel times that are particularly troublesome for the elderly populations, long wait times in area emergency rooms and the lack of a facility in the West Boynton area. These letters were submitted by residents, community leaders and members of the medical community, as well as Senators Jeffrey H. Atwater, M. Mandy Dawson, Dave Aronberg and Representatives Joe Negron, Richard A. Machek, Irving Slosberg, Mary Brandenburg and Anne Gannon. One letter of opposition was received from the law firm representing Delray Medical Center. This letter references Bethesda's previous attempt to establish a satellite facility in West Boynton (CON #9659) and provides highlights of the Final Order¹ signed by the Agency Secretary on March 7th, 2005, which details the Agency's ultimate reasoning for denying a Certificate of Need (CON) to construct a Bethesda West facility. Arguments presented in this opposition letter maintain there is insufficient evidence of the following: Need for the proposed facility; the lack of availability, quality of care, and accessibility at

¹ DOAH Case No. 03-2701CON

existing hospitals in the subdistrict; the ability of Bethesda to provide quality of care at the proposed facility; the extent to which the proposal would enhance access; the extent to which the proposal would foster competition; that the proposal is a more cost-efficient way to add beds to the subdistrict; that Bethesda's long-term financial viability is at risk; that population growth alone would be sufficient to meet the applicant's utilization projections; that travel times are significantly greater for elderly populations. Additional acute care beds have been approved for the subdistrict through efforts of 'incremental expansion' by existing facilities, and these expanding facilities are within a 30-minute drive of the subject area.

C. PROJECT SUMMARY

Bethesda Healthcare System, Inc. (CON #9838) is applying for a Certificate of Need (CON) to establish an 80-bed acute care satellite hospital in West Boynton, District 9, Subdistrict 5 in Palm Beach County. The applicant operates Bethesda Memorial Hospital, a Class 1 not-for-profit hospital currently licensed for 347 acute care beds, 12 Level II NICU beds and three Level III NICU beds. The 28 comprehensive medical rehabilitation beds approved with CON #9507 are under construction but are not yet licensed. The agency has received notice of the applicant's intent to add three additional NICU beds and eight CVICU beds, but these are not yet licensed as of the writing of this report.

The applicant proposes that West Boynton Community Hospital be established via a transfer of 80 beds from Bethesda Memorial, keeping these 80 beds within the same planning area and therefore not increasing the number of acute care beds in District 9, Subdistrict 5.

The applicant proposes the condition that at least five percent of West Boynton Community Hospital's patient days will be provided to Medicaid, Medicaid HMO and charity care patients on a combined basis. The applicant does not propose to condition award of the CON upon its refraining from adding beds to either hospital for any period of time. With recent changes to CON law, any hospital not located in a low-growth county may add beds at any time upon notifying the agency. Therefore, without some type of commitment from the applicant not to reestablish these beds, the transfer the same number of acute care beds as those proposed in the establishment of a new hospital has little, if any, significance to this review.

The reported total project cost is \$82,401,400. Total construction costs are reported at \$38,026,000 and the project will involve 190,130 GSF of new construction.

D. REVIEW PROCEDURE

The evaluation process is structured by the Certificate of Need 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 architectural and the schematic drawings.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the review criteria and application content requirements found in Sections 408.035, and 408.037, 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 dated January 28, 2005, a fixed need pool of zero beds was published for acute care beds in all of 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 5 had a total of 1,746 licensed acute care beds with an occupancy rate of 73.5 percent for the July 2003 through June 2004 reporting period, and Bethesda Memorial Hospital saw a 68.49 percent occupancy during this same time. An additional 95 beds² are approved for Subdistrict 5 and will bring the subdistrict's total number of licensed beds to 1,841. As seen in the table below, Bethesda Memorial Hospital maintained the second lowest occupancy level in the subdistrict for the most recently reported 12-month period:

Utilization of Licensed Acute Care Beds in District 9-5 from 7/2003-6/2004

Facility	Occupancy
Bethesda Memorial Hospital	68.49%
Boca Raton Community Hospital	69.24%
Delray Medical Center	78.37%
JFK Medical Center	80.90%
Wellington Regional Medical Center	74.00%
West Boca Medical Center	65.44%
Subdistrict 5 Average	73.50%

Source: State Center for Health Statistics and Service Utilization by District, Volume II, January 2005 Batching Cycle

Bethesda Memorial's is one of three facilities below the subdistrict average. Four facilities in the subdistrict have either been approved or have notified the agency of their intention to increase their acute bed counts, potentially resulting in further dilution of these percentages. The applicant argues that utilization rates are lower at Bethesda Memorial due to semi-private rooms and their inherent problems with patient

² 36 for JFK Medical Center, 6 for Boca Raton Community Hospital, 31 for Delray Medical Center and 22 for Wellington Regional Medical Center. Agency records indicate that only the 22 beds for Wellington Regional were yet licensed as of the writing of this report.

mixing: Genders cannot be mixed, neither can adults with children, incompatible diagnoses and other considerations, leaving beds “blocked” as these semi-private rooms are used as private rooms. The applicant states that with this proposal, 57 semi-private rooms at Bethesda would be converted to private rooms, and utilization would therefore increase.

The applicant argues that 32.3 percent of the total inpatient activity at Bethesda Memorial and 31.8 percent of Bethesda Memorial’s emergency department admissions for the 12 months ending June 30, 2004 are attributable to patients originating from the proposed facility’s service area. The applicant contends it is serving a significant percentage of the target population without benefit of the proposed facility, and that should the proposed project be approved, it would increase the utilization rate at the existing site and the new facility would fill its beds without taking an overwhelming amount of patients from surrounding facilities. As shown in the table below (following page), data reported to the agency for calendar year 2004 shows that the percentage of acute care, non-tertiary services to be slightly less at 25.81 percent for admissions and 25.04 percent for patient days. The applicant projects that the four PSA zip codes³ would account for 83.4 percent of the proposed facility’s patients, and the secondary service area (SSA) would account for only 6.6 percent of patients, leaving 10 percent to come from outside the defined service area. The SSA, not the PSA, is said to be the area most likely to be shared by existing subdistrict facilities. The applicant provides an analysis of post-project occupancy for Bethesda Memorial for the projected years of 2009 and 2010. In this analysis, the applicant projects that occupancy excluding NICU and CMR would increase from an average occupancy of 68.9 percent in 2005 to 80.9 percent in 2009, should the West Boynton facility be approved. Given that some portion of the patient days (26.05 percent of the patient days in 2004) at the main campus will be lost should this proposal be approved and despite opening up gender “blocked” beds and expected population increases, historic utilization does not suggest this percentage increase in utilization. Therefore, the 80.9 percent occupancy projected for 2009 for the main campus appears optimistic.

Non-tertiary patients from the four PSA zip codes sought services (acute care DRGs) most frequently at JFK Medical Center, followed by Bethesda Memorial and Delray Medical Center, as illustrated in the following table:

³ 33437, 33436, 33463, 33467

**Non-Tertiary PSA Market Share Percentages by Admissions and Patient Days –
Subdistrict 5
for Calendar Year 2004**

Facility	% of PSA Admissions	% of PSA Patient Days	Occupancy 7/03 - 6/04
JFK Medical Center	30.62%	33.55%	80.90%
Bethesda Memorial Hospital	25.81%	25.04%	68.49%
Delray Medical Center	12.98%	13.41%	78.37%
Wellington Regional Medical Ctr	5.74%	4.90%	74.00%
Boca Raton Community Hospital	5.21%	4.93%	69.24%
West Boca Medical Center	1.26%	0.88%	65.44%

Source: Hospital Financial Data, Calendar Year 2004 and Florida Hospital Bed and Service Utilization by District for January 2005 Batching Cycle

The applicant contends that projected population growth in the service area will overcome much of the impact on competitors. Analysis of the patients admitted to area facilities from these four zip codes indicates that these non-tertiary patient days accounted for 18.0 percent of total patient days at JFK Medical Center, 8.69 percent of the total patient days at Delray Medical Center and 17.38 percent of Bethesda’s total patient days for calendar year 2004.

The applicant states that in the interest of preventing duplication of services, the proposed facility would provide only medical surgical services, and therefore discharges from the project’s PSA would not redistribute the percentages proportional to what is shown in the table above. The applicant anticipates that impact on surrounding facilities would be negligible; however, if these 80 beds are only expected to pull similar percentages of the new area once moved to the new location as compared to percentages they are currently pulling at Bethesda Memorial, the question arises as to how revenues generated from this new and insured population will offset the expenses incurred with construction, recruitment and new program implementation. These questions were unaddressed by the applicant. If the beds will provide no greater financial benefit to the applicant than they are already providing at their existing location, as the applicant seems to suggest, then it is not clear that ‘financial balancing’ for the applicant would be achieved with this proposal. If financial benefit would be gained with this project, it is reasonable that either the applicant is minimizing the effect the proposed facility would have on surrounding facilities, or the applicant already has intentions of increasing the West Boynton bed count to further tap this proposed area.

As mentioned in section E.3.d below, the patient days to be provided by the proposed facility in 2004 are seemingly conservative, as Bethesda Memorial Hospital is currently providing more patient days to this population than is projected for the proposed facility. The projected payer mix is relatively consistent with the existing payer mix in the

proposed service area, with the exception of charity care, which is likely overstated.

The applicant describes the area in which it proposes to locate as Bethesda Health city and states that patients presenting at Bethesda Health City requiring inpatient care must travel to Bethesda Memorial Hospital in order to continue with their private attending physician; however, while this would improve access for those particular patients, it is not clear that the volume of these patients would be sufficient to fill the beds at the proposed facility, and thus it is likely that the applicant is either minimizing the impact of the proposed facility or already has intentions of increasing the proposed facility's bed count.

The applicant contends that special circumstances warrant approval of this application:

1. The West Boynton population growth rate is exceeding county, district and state averages. As discussed below, estimates provided by the applicant indicate growth in the area has significantly exceeded growth for the county, district and state over the past five years; however, it is not clear that these population increases will be sufficient to keep existing subdistrict beds filled.
2. West Boynton has a largely elderly population and a large Hispanic population with special needs. As discussed below, the over-65 population is growing for this area, but while the county and the district may have concentrations of the over-65 population, growth of the under-65 population is shrinking the proportion of elderly to total population for this area. The applicant provides projections of high growth for the service area's Hispanic community, and quotes an AHCA-directed study to suggest high levels of uninsurance within this community.
3. The proposed plan includes a transfer of beds, not an addition, so that subdistrict bed counts would not change with an approval. As discussed below, the applicant does not propose to condition award of the CON upon its refraining from adding beds at Bethesda Memorial Hospital for any period of time. With recent changes to CON law, any hospital not located in a low-growth county may add beds at any time upon notifying the agency; therefore, without some type of commitment from the applicant to not re-establish these beds, transferring the same number of acute care beds as those proposed in the establishment of a new hospital has little, if any, significance to this review.
4. Bethesda Memorial Hospital is the "traditional urban safety-net provider" and needs to balance its finances by tapping into the insured/paying populations of West Boynton. As discussed below, Bethesda Memorial Hospital led the subdistrict in its percentage of dollars provided to care for Medicaid patients by almost double the

amount of the next highest provider during FY03. The applicant has not demonstrated any intentions to change this should a West Boynton satellite be approved.

In response to point one, the following table illustrates the growth rates from the beginning of year 2000 to the beginning of year 2005 for the county, district and state, and provides estimates of continued growth through the beginning of year 2010:

Population Growth Rates for Palm Beach County, District 9 and the State of Florida - 01/2000-01/2010

Estimate Date	Total County Population	Growth %	Total District Population	Growth %	Total State Population	Growth %
1-Jan-00	1,123,429		1,588,924		15,883,205	
1-Jan-01	1,148,707	2.25%	1,625,062	2.27%	16,245,736	2.28%
1-Jan-02	1,175,829	2.36%	1,662,130	2.28%	16,585,793	2.09%
1-Jan-03	1,204,411	2.43%	1,705,112	2.59%	16,970,984	2.32%
1-Jan-04	1,232,606	2.34%	1,746,895	2.45%	17,342,993	2.19%
1-Jan-05	1,260,707	2.28%	1,785,473	2.21%	17,679,224	1.94%
1-Jan-06	1,288,348	2.19%	1,823,589	2.13%	18,011,798	1.88%
1-Jan-07	1,315,571	2.11%	1,861,513	2.08%	18,343,562	1.84%
1-Jan-08	1,342,496	2.05%	1,899,010	2.01%	18,671,180	1.79%
1-Jan-09	1,369,180	1.99%	1,936,129	1.95%	18,995,543	1.74%
1-Jan-10	1,395,693	1.94%	1,973,012	1.90%	19,317,436	1.69%

Source: Population Estimates, as published by the AHCA Certificate of Need Office, April 2005

As seen above, the county, district and state populations grew steadily from year 2000 through year 2005 and are expected to continue to increase for the next five years, although at a slightly decreasing rate. The 2000 U.S. Census records the populations of the four PSA zip codes as 156,852 people⁴, an area the applicant states has grown to a current count of 189,000. If this current count is accurate⁵, this would indicate an increase of 20.5 percent for the last five years for these four zip codes. 20.5 percent significantly exceeds the growth rates for the past five years for the county, district and state, at 11.66, 11.8 and 10.82 percent respectively⁶. The reviewer has insufficient information to determine whether this is a reasonable estimate of past growth, but it should be noted that percentages would indeed be higher in an area such as West Boynton with areas of greenspace, as a small addition to a small town makes a big difference but that same addition to a large city makes little percentage difference. It is clear that the county and district populations are growing, and it seems likely that West Boynton should have growth

⁴ Zip code 33437 had 39,212, zip code 33436 had 35,683, zip code 33463 had 41,043 and zip code 33467 had 40,914.

⁵ The reviewer was unable to verify the current population count of 189,000.

⁶ Subdistrict 5 is defined in 59C-2.100, FAC as the southern portion of Palm Beach County lying within Census County Divisions 015, 020, 050 and 078; and census tracts 33, 34, 35.01 through 35.03, 36 and 37. Population estimates on this specific level are not available to the Certificate of Need Office, and therefore the closest comparison the reviewer can make to the PSA projections provided by the applicant would be at the county level followed by the entire district level.

CON Action Number: 9838

percentages somewhat above that of the county and state due to new housing starts in an area with fair amounts of undeveloped land. Page 58 of the CON application contains service area demographics for the proposed facility, and these data indicate that the primary service area total population will grow 17.9 percent from 2004-2009 and the over-65 population for this area will grow 29.8 percent. The secondary service area (zip codes 33414 and 33446) is shown to grow 18.0 percent in total population and 28.6 percent in over-65 population. These percentages exceed those of the county, district and state. It is clear that the Palm Beach County population is increasing faster than the district and the state populations, and that growing populations should raise utilization levels at existing facilities; however, it is not clear that these population increases will be sufficient enough to keep existing subdistrict beds filled, or those approved or planned outside of CON review.

In response to point two, the elderly population of the county is shown to be increasing in the following table:

Over-65 Population Growth Rates for Palm Beach County, District 9 and the State of Florida - 01/2000-01/2010

Estimate Date	Elderly County Population	Growth %	Elderly District Population	Growth %	Elderly State Population	Growth %
1-Jan-00	261,179		379,001		2,796,279	
1-Jan-01	262,977	0.69%	382,457	0.91%	2,840,368	1.58%
1-Jan-02	267,683	1.79%	389,400	1.82%	2,913,502	2.57%
1-Jan-03	274,234	2.45%	399,581	2.61%	2,990,031	2.63%
1-Jan-04	278,716	1.63%	406,939	1.84%	3,057,275	2.25%
1-Jan-05	281,170	0.88%	411,077	1.02%	3,120,312	2.06%
1-Jan-06	285,108	1.40%	417,167	1.48%	3,189,721	2.22%
1-Jan-07	290,722	1.97%	425,512	2.00%	3,267,048	2.42%
1-Jan-08	297,445	2.31%	435,326	2.31%	3,351,614	2.59%
1-Jan-09	305,223	2.61%	446,561	2.58%	3,444,270	2.76%
1-Jan-10	314,010	2.88%	459,161	2.82%	3,545,772	2.95%

Source: Population Estimates, as published by the AHCA Certificate of Need Office, April 2005

The elderly population of Palm Beach County is shown to be increasing at a rate slightly less than that of District 9 until year 2008, where that rate of growth is projected to begin to overtake that of the district, and to more closely resemble that of the statewide elderly population growth rate. Elderly rates in Palm Beach County are demonstrated to be approaching the average growth rates for the rest of the State of Florida. Because elderly populations in the district are not increasing at a rate as great as that of the county, it is reasonable that Palm Beach County will become more heavily concentrated with an over-65 population than the remainder of the district within a few years of the completion of the proposed project period. Palm Beach County may also be one of the most heavily over-65 concentrated areas of the state by that time.

CON Action Number: 9838

During a site visit conducted March 30, 2005 (before deeming batch cycle applications complete), a representative of the applicant expressed that elderly populations in particular have difficulty traversing the grid-like structure of Boynton Beach streets and the traffic complications inherent in multiple signal points per road. Letters of support submitted with the application make reference to difficulties associated with travel times for the area's elderly. The applicant states the proposed facility would provide more convenient access for the elderly of the West Boynton area.

Considering the elderly to total population ratio, Palm Beach County exceeds the ratio of the state and is approaching the ratio for District 9 (see table below).

Over-65 Population as Percentage of Total Population for Palm Beach County, District 9 and the State of Florida, 01/2000 - 01/2010

Year	Total County	Elderly County	%	Total District	Elderly District	%	Total State	Elderly State	%
2000	1,123,429	261,179	23.25	1,588,924	379,001	23.85	15,883,205	2,796,279	17.61
2001	1,148,707	262,977	22.89	1,625,062	382,457	23.53	16,245,736	2,840,368	17.48
2002	1,175,829	267,683	22.77	1,662,130	389,400	23.43	16,585,793	2,913,502	17.57
2003	1,204,411	274,234	22.77	1,705,112	399,581	23.43	16,970,984	2,990,031	17.62
2004	1,232,606	278,716	22.61	1,746,895	406,939	23.29	17,342,993	3,057,275	17.63
2005	1,260,707	281,170	22.30	1,785,473	411,077	23.02	17,679,224	3,120,312	17.65
2006	1,288,348	285,108	22.13	1,823,589	417,167	22.88	18,011,798	3,189,721	17.71
2007	1,315,571	290,722	22.10	1,861,513	425,512	22.86	18,343,562	3,267,048	17.81
2008	1,342,496	297,445	22.16	1,899,010	435,326	22.92	18,671,180	3,351,614	17.95
2009	1,369,180	305,223	22.29	1,936,129	446,561	23.06	18,995,543	3,444,270	18.13
2010	1,395,693	314,010	22.50	1,973,012	459,161	23.27	19,317,436	3,545,772	18.36

Source: Population Estimates, as published by the AHCA Certificate of Need Office, April 2005

The above demonstrates that while the over-65 population is growing at a rate faster than the district and almost as fast as the state, the proportion of over-65 to under-65 is actually declining in the state and in the district. In year 2000, the over-65 population was 23.25 percent of the total population of Palm Beach County. By year 2007, the elderly population is expected to shrink by 1.15 percent to 22.1 percent of the total population. Proportional growth begins again after that point, and by 2010, the over-65 population of the county is expected to have increased back to 22.5 percent of the total population, but this is still not the level of elderly found in year 2000. The district elderly population was 23.85 percent of the total population in year 2000, and like the county's elderly population, is projected to reach a bottom in year 2007, or 22.86 percent, down almost one percent. The district's elderly is then projected to grow back to 23.27 percent, marginally below the level seen in year 2000. It is important to note that the county's elderly population is projected to take a proportionally larger dip for year 2007 than is the elderly population in the district. While the elderly population statewide is a smaller percentage of the state's total population when compared with the proportions on the district and county level, the statewide

elderly population's proportion to total state population is not expected to shrink at all during the illustrated time frames. What this means is that while the county and the district may have concentrations of the over-65 population, it appears that the sheer numbers of the under-65 population are shrinking the proportion of elderly to total population for this area.

The Hispanic population is projected by the applicant to grow 47 percent in the proposed service area from 2004 – 2009, compared to a projected 18 percent growth of the total population of this area. The applicant states that these Claritas projections do not include the number of undocumented immigrants, which the applicant estimates to be in excess of 14,000 within the service area. These undocumented populations are stated to seek out “safety-net providers such as Bethesda Memorial Hospital,” and the Caridad Health Clinic, a medical and dental clinic run by the Migrant Association of South Florida (MASF) for the purpose of serving migrant farmworker families at no cost. The Caridad Health Clinic is approximately 5.1 miles away from the proposed site, and the applicant expects the adjacency of the proposed location to Caridad Health Clinic will increase access to inpatient and emergency care services for these and other indigent groups in the service area. The applicant states its intention to work with and enhance its existing affiliation with Caridad.

It is noted that, as with poorer populations across all demographic lines, this Hispanic indigent population is likely to face transportation obstacles to health care. The Community Transportation Coordinator (CTC) for Palm Beach County⁷ provides an unlimited number of rides to area Medicaid recipients for a co-payment of one dollar for each one-way trip; State and Federal taxpayer funds subsidize the balance of these fares⁸. Because the applicant's flagship facility leads the subdistrict in Medicaid care, it is likely that Medicaid recipients would use this Medicaid-reimbursed service to access health care at Bethesda facilities, including Bethesda Memorial and the Bethesda Health City “medical mall,” an outpatient facility currently located in this West Boynton area.

The applicant provides statistics relative to cultural and linguistic barriers experienced by these populations in accessing care, as well as their inclination to access emergency departments in lieu of a regular care provider⁹. 31.8 percent of Bethesda Memorial Hospital's emergency

⁷ Palm Tran Connection coordinates four transportation providers in the county to provide rides to those covered by Medicaid and other programs. Reservations must be made at minimum the day before each trip.

⁸ The fare price reported by Palm Tran Connection is \$2.50.

⁹ The applicant credits an editorial entitled *Cultural and Language Impediments to Healthcare Access Among Hispanics in the US* written by Dr. Jose G. Acuna, Editor of the Review of Issues in Hispanic

department admissions are reported by the applicant to come from the proposed service area, which, if the applicant's projections of this population's presence are correct, this percentage would likely include those undocumented and/or indigent within the Hispanic community. The applicant samples the *Highlights from the 2004 Florida Health Insurance Study – Palm Beach County Augmentation* in the CON application to show that 31.6 percent of uninsured Palm Beach County residents under age 65 were Hispanic as of November 2004, compared to the 15.39 percent of Hispanics the applicant states are counted within the general population. It is clear the applicant expects significant growth within this community that is disproportionately less likely to be insured than the general population.

In response to point three, it is true that the proposed plan includes a transfer of beds, not an addition, so the subdistrict bed counts would not change with an approval of West Boynton Community Hospital; however, it should be noted that §408.036(5)(c) of the Florida Statutes requires only notification to the agency, not further CON approval, when a health care facility should seek to add beds to its count. Because this rule grants the applicant the right to add beds with mere notification to the agency, all that can be taken from the applicant's statement is that no more than the 80 transferred beds would be available at the proposed facility at initiation of services. This does not imply any waiting period would be observed before additional beds would be sought by either facility. This argument is not supported by an agreement on the applicant's part to not seek additional beds for a period of time.

Bethesda Memorial has reportedly reached its plant capacity and therefore would not likely seek to add more than the 80 beds that would be transferred out with this proposal. On a site visit made March 30, 2005 (prior to deeming batch cycle applications complete), a representative of the applicant expressed that the city of Boynton Beach imposes a height limit of 45 feet that prohibits Bethesda Memorial from expanding vertically. Also, the foundation of the facility plant was reportedly designed to hold only four floors. Horizontal expansion is said to be too costly, and is somewhat inhibited by the facility's existing surroundings, including a newly constructed parking garage on the Bethesda campus. The applicant plans to convert semi-private rooms to private rooms, and therefore it is possible that no addition of beds would be sought; however, the applicant would be free to re-compress patient rooms to semi-private by adding beds at Bethesda Memorial should the proposed project be approved. The proposed West Boynton facility was

Healthcare, a web based medical journal, as well as an article entitled *Access to Health Service Delivery for Hispanics: A Communication Issue* by Alejandro Brice, *Journal of Multicultural Nursing & Health*, Summer 2000.

designed with accommodations for both vertical and horizontal expansion, as would be expected with any newly constructed facility.

Point four appears to be the heart of the application's need analysis, and is perhaps the crucial issue in determining justification for this project. The applicant refers to Bethesda Memorial Hospital as the "traditional urban safety-net provider" and states that it needs to balance its finances by tapping into the insured/paying populations of the West Boynton area. The applicant indicates that Bethesda is at risk of losing market share in the wealthier western sections of south Palm Beach County and this loss would be financially devastating. There is no question that the proposed site is a wealthier area than the existing site: Census profiles show that median household income, per capita income and the median dollar value of single family owner-occupied homes in the proposed site's zip code greatly exceed that of the existing site's zip code, while poverty levels and the percentage of the population without secondary education are higher in the area surrounding the existing facility. The applicant seemingly acknowledges that a lesser amount of Medicaid/Medicaid HMO/charity care patients would be served at the satellite facility, given its proposed condition of 5.0 percent versus the flagship facility's current combined Medicaid/Medicaid HMO/charity care provision of 24.5 percent. As discussed in the financial review below, the combined Medicaid/Medicaid HMO/charity care payer mix of the proposed area is currently higher than the level proposed by the applicant, and therefore the proposed condition is likely achievable.

Should this project be approved, 80 beds that are currently utilized for providing care to a poorer population would be transferred to an area more likely to consist of insured populations. How this transfer of beds would affect the total dollar amounts of care provided to Medicaid and indigent patients cannot be evaluated based on the applicant's information.

To evaluate the need for a financial balance, the table below provides the Medicaid and charity care provision percentages for District 9, Subdistrict 5 acute care facilities for the most recent reporting year:

**District 9-Subdistrict 5 Medicaid and Charity Care Provision Percentages
for Fiscal Year (FY) 2003**

Facility	Medicaid	Charity Care	Total
Bethesda Memorial Hospital	21.40%	3.10%	24.50%
Boca Raton Community Hospital	1.80%	4.00%	5.80%
Delray Medical Center	2.30%	2.40%	4.70%
JFK Medical Center	8.50%	1.20%	9.70%
Wellington Regional Medical Ctr	11.90%	7.00%	18.90%
West Boca Medical Center	8.20%	1.10%	9.30%
Subdistrict Average	9.02%	3.13%	12.15%

Source: 2003 Hospital Financial Data, provided by the AHCA Financial Analysis Unit

For FY 2003, Bethesda Memorial Hospital led the subdistrict in its percentage of dollars provided to care for Medicaid patients by almost double the amount of the next highest provider, Wellington RMC. Wellington provided more than double the percentage of dollars to charity care than did Bethesda during this same period, but as these are much smaller percentages and hence smaller differences, the combined Medicaid and charity care provision percentage for Bethesda remains higher for this period than that of Wellington. Wellington RMC might also have made this financial-balancing argument for a West Boynton Wellington satellite and the analysis would have been similar; in other words, an argument for approval based on care for the medically indigent does not exist to the degree that Bethesda is solely shouldering Medicaid and charity care in the area. It does remain that Bethesda provides a great percentage of Medicaid and charity care in the area and that the applicant has not demonstrated any intentions to change this should a West Boynton satellite be approved. Also, the existing market share data presented on acute care DRGs in section E.1 of this report indicate that Wellington RMC saw 5.43 percent of the inpatient discharges from the four PSA zip codes, a percentage unlikely to make a tremendous impact on Wellington's ability to continue to provide care. Charts on Wellington RMC's operating margin and its return on total assets (attributed to AHCA financial reports) are included with the CON application and indicate that Wellington has strengthened significantly in both areas in recent years.

The applicant states that the growth rate of Medicaid recipients increased 37.0 percent in District 9 from year 2000 – 2002 versus an increase of 24.9 percent statewide. Palm Beach County is said to have the greatest concentration of Medicaid recipients in the district, and the following table is found on page 43 of the CON application:

District 9 Number of Medicaid Recipients 2000, 2002

County	Medicaid Recipients		Medicaid Recipients		Growth 2000-2002	
	Year 2000	%	Year 2002	%	Recipients	%
Indian River	8,012	6.5	11,224	6.6	3,212	40.1
Martin	8,050	6.5	9,914	5.9	1,864	23.2
Okeechobee	4,791	3.9	6,796	4.0	2,005	41.8
Palm Beach	7,934	64.3	111,148	65.7	31,764	40.0
St. Lucie	23,233	18.8	30,013	17.8	6,780	29.2
District 9	123,470	100.0	169,095	100.0	45,625	37.0
Florida	1,679,342		2,097,302		417,960	24.9

Source: CON Application 9838 Page 43

Medicaid recipients are said to be growing at a rate of 20 percent within Palm Beach County each year, with Bethesda Healthcare System providing care for nearly 48 percent of Medicaid recipients in the south county area. The applicant provides the following counts of Medicaid admissions for subdistrict facilities:

South Palm Beach County Medicaid Admissions

Hospital	1999	2000	2001	2002	2003
Bethesda Memorial Hospital	1,819	2,005	2,202	2,533	2,752
Boca Raton Community Hospital	184	200	254	600	758
Delray Medical Center	121	117	161	174	213
JFK Medical Center	801	746	978	1,051	1,272
Wellington Regional Medical Center	414	496	485	800	635
West Boca Medical Center	338	348	375	437	548
Subdistrict	3,677	3,912	4,455	5,595	6,178

Source: CON Application 9838 Page 45

If correct, the above inpatient data suggests that Bethesda Memorial is serving a considerable amount more Medicaid patients than other facilities in the subdistrict. While it is reasonable that Bethesda Memorial would serve a higher head count of Medicaid patients than those facilities with much lower bed counts, the fact that Bethesda is serving significantly more Medicaid patients than those area facilities with higher bed counts¹⁰ supports the applicant's claim that financial balancing may be in order.

¹⁰ JFK Medical Center has a bed count of 424 versus Bethesda Memorial's bed count of 347, yet JFK admitted 1,272 Medicaid patients in 2004 versus Bethesda Memorial's 2,752. Boca Raton Community Hospital has a bed count of 384 versus Bethesda Memorial's bed count of 347, yet Boca Raton Community Hospital admitted 758 Medicaid patients in 2004 versus Bethesda Memorial's 2,752.

It should be noted that Bethesda Memorial Hospital (BMH) is not included on the most recent listing of Disproportionate Share Hospitals for two reasons¹¹:

1. BMH is not a public hospital.
2. BMH does not meet either Federal minimum criterion for DSH designation.

The first Federal minimum criterion is that the low income utilization must be greater than 25.0 percent, and BMH's low income utilization is 3.28 percent. The second criterion is that Medicaid utilization must be greater than the statewide mean, which is currently 24.01 percent, and BMH's Medicaid utilization is 14.5 percent. There are no Disproportionate Share Hospitals in Subdistrict 5.

The applicant states that Bethesda Memorial Hospital lost \$192.95 for every Medicaid patient day in FY 04, and it is for this reason that the applicant insists it must offset the Medicaid and uncompensated volumes¹² at its existing facility. The applicant states that Bethesda Memorial Hospital could be operating at zero operating margin by 2008 and with substantial operating losses by 2010¹³. The reviewer could not validate these forecasts. Further evaluation of this argument is found in the financial analysis section of this report.

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.

¹¹ Information provided by the Medicaid Program Analysis Unit at the Agency for Healthcare Administration.

¹² Charity care at Bethesda Memorial is stated to have been \$65,507,363 from 2002 – 2004, with each year at a higher level than the previous.

¹³ See Financial Impact Analysis Based on Current Trends in Payer Distribution found on page 52 of the CON application.

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(1), (2), (5) and (7), Florida Statutes.**

Availability and utilization of existing acute care beds in the subdistrict do not provide evidence of need for the proposed project. No additional services would be offered with the proposed project than are already available in the subdistrict, and the proposed facility would not be a research or teaching hospital. Of the six facilities in the subdistrict, Bethesda Memorial had the second lowest occupancy rate for the most recently published 12-month period. District 9, Subdistrict 5 had a total 1,746 licensed acute care beds with an occupancy rate of 73.5 percent for the July 2003 through June 2004 reporting period. An additional 95 beds¹⁴ are approved for Subdistrict 5 and will bring the subdistrict's total number of licensed beds to 1,841.

The following table is repeated from earlier discussion to illustrate each facility's percentages:

Utilization of Licensed Acute Care Beds in District 9-5 from 7/2003-6/2004

Facility	Occupancy
Bethesda Memorial Hospital	68.49%
Boca Raton Community Hospital	69.24%
Delray Medical Center	78.37%
JFK Medical Center	80.90%
Wellington Regional Medical Center	74.00%
West Boca Medical Center	65.44%
Subdistrict 5 Average	73.50%

Source: Florida Hospital Bed and Service Utilization by District, Volume II, January 2005 Batching Cycle

With a 73.5 percent average, the subdistrict is functioning near optimal occupancy for short-term acute care facilities. Four facilities in the subdistrict have been approved to increase their acute bed counts under new CON legislation allowing these additions upon notifying the agency. The applicant argues that utilization rates are lower at Bethesda Memorial due to semi-private rooms and their inherent problems with patient mixing: Genders cannot be mixed, neither can adults with children, incompatible diagnoses and other considerations, leaving beds "blocked" as these semi-private rooms are used as private rooms. The applicant states that with this proposal, 57 semi-private rooms at

¹⁴ 36 for JFK Medical Center, 6 for Boca Raton Community Hospital, 31 for Delray Medical Center and 22 for Wellington Regional Medical Center. Agency records indicate that only the 22 beds for Wellington Regional were yet licensed as of the writing of this report.

Bethesda would be converted to private rooms, and utilization would therefore increase. As previously mentioned, the applicant reported that the city of Boynton Beach imposes a height limit of 45 feet that prohibits Bethesda Memorial from expanding vertically, and the foundation of the existing facility plant was reportedly designed to hold only four floors. Horizontal expansion is said to be too costly, and is somewhat inhibited by the facility's existing surroundings, including a newly constructed parking garage on the Bethesda campus. The applicant plans to convert semi-private rooms to private rooms, and therefore it is possible that no addition of beds would be sought; however, the applicant would be free to re-compress patient rooms to semi-private by adding beds at Bethesda Memorial should the proposed project be approved.

Quality of care at existing facilities could be affected by an approval of this project due to staffing shortages statewide. During a site visit on March 30, 2005 (before deeming current batch cycle applications complete), a representative of the applicant stated that staffing is not expected to be a problem at the new site, since current Bethesda recruitment practices, including those overseas, have kept a fairly low vacancy rate for nursing personnel, and appropriate staff levels would be transferred to the new facility along with the 80 beds. This does not address the need for on-call emergency room specialty physicians, and it is not clear that area physicians would be open to covering an additional facility. Many area physicians submitted letters of support and intentions of staffing privileges at the new facility, but not one of these specifically stated that he or she would commit to providing emergency room care. Further discussion of the applicant's history of providing quality care may be found in section E.3.b. of this report.

Efficiency of services would improve with the proposed project, according to the applicant, because patients presenting at the Bethesda Health City "medical mall" requiring emergency and inpatient admission must then travel to Bethesda Memorial to continue care with their private attending physician. Bethesda Health City has provided ambulatory, diagnostic and treatment services in the West Boynton area since the early 1990s and would coordinate personnel and support services with the new facility to minimize duplication of services and unnecessary costs.

Efficiency is also said to improve through planned technological improvements, including a picture archive and communications system (PACS) that would expedite x-rays, CT and MRI images to all three campuses (Bethesda Memorial, Bethesda Health City and West Boynton Community Hospital) for staff review within minutes of completion of the examination. Film processing costs would be eliminated and patient wait times would be reduced. These points address efficient coordination of

services between Bethesda facilities, but provide no evidence that inefficiency exists at present facilities in the subdistrict.

Accessibility to existing facilities is a central point of the applicant’s argument. The applicant maintains that the 80 beds currently underutilized at Bethesda Memorial would provide better accessibility to the residents west of Boynton Beach if moved to a new site chosen to circumvent the toll stops of the Florida Turnpike and other heavily congested roads closer to the existing facility. Semi-private rooms at Bethesda Memorial will convert to private once space is made available with the proposed transfer, allowing beds once blocked by patient partnering issues to be open for admissions.

The growing elderly population (as described in section E.1 of this report) is said to have greater difficulty with the traffic congestion surrounding the existing Bethesda site, and a few highlights from a driving time analysis performed by Simmons & White, Inc.¹⁵ are included with the CON application. Included samples of this analysis maintain that a drive from the West Boynton area to the nearest existing hospitals in south Palm Beach County during perfect driving conditions approaches 30 minutes, and future travel times will continue to increase substantially over the next five years with proposed construction and new housing starts along the major roadways. From one central point chosen in West Boynton (west of the Florida Turnpike and east of State Road 7) to the nearest hospitals, driving times ranged from 23.5 minutes to Wellington Regional to 29.1 minutes to West Boca¹⁶. To better illustrate that the applicant’s statement that all subdistrict five facilities are within a 30-minute drive, the table below shows the times provided from this traffic study¹⁷:

Driving Times to Subdistrict 5 Facilities From West Boynton as Determined by Traffic Consultants Simmons & White, Inc.

Facility	Time in Minutes
<i>Bethesda Memorial Hospital</i>	26.9
Boca Raton Community Hospital	23.5-29.1
Delray Medical Center	23.5-29.1
JFK Medical Center	23.5-29.1
Wellington Regional Medical Center	23.5
West Boca Medical Center	29.1

Source: CON application

The driving times shown above are said to be for drivers under 65 in perfect driving conditions. Should the weather be poor or if the driver

¹⁵ Simmons & White, Inc. are said to be a “longtime leading professional traffic and civil engineering firm in Palm Beach County.”

¹⁶ Discussion on how a new hospital would affect these hospitals may be found in section E.3.e.

¹⁷ Driving times were not provided by the applicant for Boca Raton Community Hospital, Delray Medical Center or JFK Medical Center. The high and low range given by the applicant for subdistrict facilities is shown instead.

were elderly, these travel times would be expected to be longer, and therefore placing a new facility at the corner of US Highway 441 and State Road 7 would cut these travel times for West Boynton residents and thereby improve their accessibility to health services.

Medicaid recipients in this proposed area who are currently served by Bethesda Memorial would have inpatient and/or emergency care more conveniently located, thereby possibly circumventing transportation barriers, but this is largely unaddressed by the applicant.

Without the proposed project, the likely impact on the applicant's financial picture cannot be completely known, outside of the applicant's assertion that it will suffer substantial operating losses by 2010 due to its provisions of Medicaid and uncompensated care at Bethesda Memorial. The applicant expects that relocating these 80 beds from their existing site to the West Boynton area would allow it to serve a population more likely to be insured and thus provide a financial balancing that would prevent the substantial losses it forecasts.

To evaluate likely impact on surrounding facilities, the following table is repeated from earlier discussion to illustrate the primary market share percentages of subdistrict facilities experience within the proposed service area:

**PSA Market Share Percentages by Admissions and Patient Days – Subdistrict 5
for 7/2003 – 6/2004**

Facility	% of PSA Admissions	% of PSA Patient Days	Occupancy 7/03 - 6/04
JFK Medical Center	30.62%	33.55%	80.90%
Bethesda Memorial Hospital	25.81%	25.04%	68.49%
Delray Medical Center	12.98%	13.41%	78.37%
Wellington Regional Medical Ctr	5.74%	4.90%	74.00%
Boca Raton Community Hospital	5.21%	4.93%	69.24%
West Boca Medical Center	1.26%	0.88%	65.44%

Source: Hospital Financial Data, Calendar Year 2004 and Florida Hospital Bed and Service Utilization by District for January 2005 Batching Cycle

As seen above, the facility most likely to be impacted by the proposed project is JFK Medical Center, which experienced total facility utilization of 80.90 percent during the most recently reported 12-month period. JFK currently serves approximately one-third of the proposed service area, whether a percentage of admissions or a percentage of patient days is considered. Bethesda Memorial currently serves about one-fourth of the proposed service area without the proposed project, and states that the proposed project would have minimal impact on surrounding facilities. Delray Medical Center provides approximately 13.0 percent of the care to this proposed service area, with a total facility utilization of 78.37 percent. The three subdistrict facilities with less than 75.0 percent utilization each served less than ten percent of the proposed

primary market, whether a percentage of admissions or a percentage of patient days was considered.

It should also be noted that the projected patient days for the proposed facility in year two are less than those patient days provided by Bethesda Memorial during 2004. While these patient days may be conservatively estimated, this illustrates the applicant's expectations that the proposed project would have minimal impact on surrounding facilities. The projected payer is relatively consistent with the existing payer mix in the proposed service area, with the exception of charity care, which is likely overstated.

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.

Bethesda Memorial Hospital, Inc. is accredited by the Joint Commission on Accreditation of Health Care Organizations (JCAHO), and other accreditations, affiliations, certifications and memberships are listed for review on pages 102 and 103 of the CON application. A performance and safety improvement plan is included in Volume II.

As detailed further in the CON application, elderly populations have special needs including chronic health problems and transportational difficulties, and the applicant refers to its SeniorFest gathering and the AARP defensive driver classes sponsored by Bethesda as initiatives made toward bridging these disparities. A Bethesda prime time program for those ages 55 and up is available, which assists in physician referral, pre-admission testing and form filing, as well as providing van transportation to medical services at no charge.

There were five closed confirmed complaints for Bethesda Memorial Hospital for the last three years ending March 28, 2005: One complaint for patient rights, two for inappropriate discharge and two for patient care. These exclude Federal EMTALA complaints not verified by CMS.

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

The audited financial statements of Bethesda Healthcare System, Inc. and Affiliated Companies 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.

BETHESDA HEALTHCARE SYSTEM, INC.

	<u>9/30/2004</u>	<u>9/30/2003</u>
Current Assets	\$ 54,408,665	\$ 53,690,907
Cash and Current Investment	\$ 18,954,932	\$ 16,375,379
Assets Restricted for Capital Projects	\$ -	\$ -
Total Assets	\$ 336,797,236	\$ 304,837,715
Current Liabilities	\$ 23,483,933	\$ 21,142,893
Total Liabilities	\$ 134,843,973	\$ 110,249,243
Net Assets	\$ 201,953,263	\$ 194,588,472
Total Revenues	\$ 225,402,717	\$ 214,676,910
Interest Expense	\$ 2,577,000	\$ 2,322,000
Excess of Revenues Over Expenses	\$ 19,945,580	\$ 13,947,390
Cash Flow from Operations	\$ 35,430,526	\$ 25,076,250
Working Capital	\$ 30,924,732	\$ 32,548,014
Current Ratio (CA/CL)	2.3	2.5
Cash Flow to Current Liabilities (CFO/CL)	1.5	1.2
Long-Term Debt to Net Assets (TL-CL/NA)	0.6	0.5
Times Interest Earned (NPO+Int/Int)	8.7	7.0
Net Assets to Total Assets (TE/TA)	60.0%	63.8%
Operating Margin (ER/TR)	8.8%	6.5%
Return on Assets (ER/TA)	5.9%	4.6%
Operating Cash Flow to Assets (CFO/TA)	10.5%	8.2%

Short-Term Position:

The applicant's current ratio of 2.3 is above average and indicates current assets are more than two times current liabilities, a good position. The ratio of cash flows to current liabilities of 1.5 is above average and indicates the applicant's operating cash flows are sufficient to cover current liabilities, a good position. The working capital (current assets less current liabilities) of \$30.9 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 0.6 indicates long-term debt is less than equity. This is slightly below the group average and above the statewide average, an adequate position. The ratio of cash flow to assets of 10.5 percent is above average and a good position. The most recent year had \$19.9 million in excess of revenue over expense, which resulted in a margin of 8.8 percent. Overall, the applicant has a good long-term position.

Capital Requirements:

Schedule 2 indicates the applicant has capital projects totaling \$187.5 million. Schedule 2 did not include maturities of long-term debt which totals \$9.1 million through 2008, bringing the total funded need to \$196.6 million. In addition, the current portion of long-term debt due in 2009, the first year of operations, is \$22 million. The applicant has also guaranteed the mortgage obligation of Bethesda Medical Office Building Partnership in the amount of \$3.9 million.

Available Capital:

Funding for this project will come from \$19.7 million in cash on hand and \$62.8 million from tax exempt bond financing. The applicant had \$19 million in cash and cash equivalents and \$117.2 million in long-term investments at September 30, 2004. In addition, the applicant generated \$35.4 million in cash flow from operations during the year ended September 30, 2004. The applicant provided a letter from SunTrust Capital Markets, Inc. dated April 14, 2005, stating that based on current market conditions and credit position of the applicant, Sun Trust Capital Markets, Inc. is highly confident that the applicant will be able to finance the debt portion of the project through issuance of publicly offered exempt revenue bonds.

Staffing:

Schedule 6A shows 299.5 FTEs for the hospital project by the end of year two (9/30/2010). In year two, the proposed hospital is projected to employ 65.9 FTEs of RNs, 9.2 FTEs of LPNs and 38.7 FTEs of nurses' aides. The applicant states that the proposed facility would be staffed in a similar manner to that of Bethesda Memorial, where the applicant states it has historically been able to recruit and staff new and expanded services. The applicant reports that it currently experiences a 7.0 percent nursing vacancy rate compared to the state average of 8.2 percent, and also reports that "Bethesda Memorial Hospital has one of the lowest nurse-to-patient ratios in the county." Recruitment methods employed by the applicant are detailed on page 107 of the CON application, including advertisement, continuing education classes and job fairs.

Within the letters of support submitted within the CON application, the applicant provides a Resolution of Medical Executive Committee of Bethesda Memorial Hospital Medical Staff, wherein the physicians who serve on the medical staff of Bethesda Memorial Hospital pledge commitment to providing all physician services necessary to support the proposed facility. Letters of support from Hematology and Medical Oncology of Southern Palm Beach County and Florida Healthcare Associates committed to provide services at the proposed facility.

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 33436, 33437, 33463, 33467 and secondary 33414, 33446. The case mix data was tested, using the 36,530 patients discharged from the indicated zip codes during 2003, excluding DRGs for services not provided. The computed case mix index for these cases was 1.1722. 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 3.6 percent per year. Inflation adjustments were based on the new CMS Market Basket, 4th Quarter, 2004.

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.

CON Action Number: 9838

This application is for an 80-bed satellite hospital for Bethesda Memorial Hospital (Parent Hospital). In 2004, the parent hospital accounted for 25.81 percent and 5.03 percent of the patient admissions in the primary and secondary service areas respectively for the services expected to be provided by the satellite hospital. The total number of patient days for these services provided by the parent hospital was 16,886 and 1,105 respectively for the primary and secondary service areas in 2004. The applicant is projecting 15,936 patient days in year two. This projection appears achievable since the parent hospital is already providing 16,886 patient days for the services expected to be delivered by the satellite hospital in the primary zip code alone. This appears to be a conservative assumption and therefore is considered reasonable.

The projected payer mix was compared 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 6.5 percent of services to be provided in patient days as charity days. In 2004, only 0.28 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 also a conservative assumption relative to the financial projections. Based on the above, both the projected total occupancy and payer mix appear reasonable.

The applicant has offered to serve five percent of total patient days through Medicaid, Medicaid HMO, and charity patients. As discussed above, the applicant has likely overstated projected charity days. The current share of Medicaid, Medicaid HMO, and charity patients in the projected service area for the services to be provided by the satellite hospital is 5.99 percent. Further, 8.28 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, Medicaid HMO, and charity patients. Although the applicant likely overstated projected charity care, 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.

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.

CON Action Number: 9838

Projected net revenue per adjusted patient day (NRAPD) of \$1,625 in year one and \$1,695 in year two approximates the control group median value of \$1,635 in year one \$1,683 in year two. With net revenues approximating the median, 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 \$1,797 in year one and \$1,624 in year two is between the group median and highest values of \$1,543 and \$2,358 in year one and \$1,588 and \$2,427 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 9.7 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 income is \$2.2 million, which computes to an operating margin per adjusted patient day of \$71. 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.

CON Action Number: 9838

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

BETHESDA HEALTHCARE SYSTEM, INC.

CON # 9838 2003 DATA Peer Group 4	September 2010	YEAR 2	VALUES ADJUSTED		
	YEAR 2	ACTIVITY	FOR INFLATION		
	<u>ACTIVITY</u>	<u>PER DAY</u>	<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
ROUTINE SERVICES	128,067,012	4,084	1,231	698	384
INPATIENT AMBULATORY	0	0	321	120	30
INPATIENT SURGERY	0	0	0	0	0
INPATIENT ANCILLARY SERVICES	0	0	5,566	2,789	1,581
OUTPATIENT SERVICES	123,618,062	3,942	3,284	2,163	1,408
TOTAL PATIENT SERVICES REV.	251,685,074	8,025	8,784	6,177	4,175
OTHER OPERATING REVENUE	348,126	11	33	9	1
TOTAL REVENUE	252,033,200	8,036	8,786	6,183	4,192
DEDUCTIONS FROM REVENUE	198,885,980	6,342	0	0	0
NET REVENUES	53,147,220	1,695	2,694	1,683	1,220
EXPENSES					
ROUTINE	8,553,024	273	374	257	165
ANCILLARY	18,699,258	596	786	526	408
AMBULATORY	0	0	0	0	0
TOTAL PATIENT CARE COST	27,252,282	869	0	0	0
ADMIN. AND OVERHEAD	14,674,305	468	0	0	0
PROPERTY	8,991,750	287	0	0	0
TOTAL OVERHEAD EXPENSE	23,666,055	755	1,387	693	534
OTHER OPERATING EXPENSE	0	0	0	0	0
TOTAL EXPENSES	50,918,337	1,624	2,427	1,588	1,237
OPERATING INCOME	2,228,883	71 4.2%	256	81	-158
PATIENT DAYS	15,936				
ADJUSTED PATIENT DAYS	31,362				
TOTAL BED DAYS AVAILABLE	29,200				
ADJ. FACTOR	0.5081				
TOTAL NUMBER OF BEDS	80				
PERCENT OCCUPANCY	54.58%				
			VALUES NOT ADJUSTED		
			FOR INFLATION		
			<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
			83.8%	57.7%	25.2%
PAYER TYPE	<u>PATIENT DAYS</u>	<u>% TOTAL</u>			
SELF PAY	1,036	6.5%			
MEDICAID	664	4.2%	30.1%	7.0%	1.3%
MEDICAID HMO	117	0.7%			
MEDICARE	6,771	42.5%	72.9%	46.3%	17.1%
MEDICARE HMO	2,902	18.2%			
INSURANCE	494	3.1%			
HMO/PPO	3,952	24.8%	56.1%	34.3%	8.5%
OTHER	0	0.0%			

TOTAL	<u>15,936</u>	<u>100%</u>
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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 already has 25.81 percent of the admissions in the projected primary service area for the services to be provided by the satellite hospital. In addition, the applicant has a women's center and "Medical Mall" currently serving the proposed service area. The applicant indicated that the satellite facility would not duplicate the services of the women's center and the Medical Mall. The applicant already has a significant 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 43.7 percent. Although this is a significant percentage of total patient days, 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 72 percent of the patient days for the satellite services (JFK Medical Center 33.55 percent, Bethesda Memorial 25.04 percent, and Delray Medical Center 13.41 percent). As discussed above, the applicant is not projecting exceeding its current share of the primary and secondary market.

Should the satellite hospital exceed the parent hospital's current share of the service area, 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.

A similar application was received and reviewed for CON #9659 in May of 2003. A site has been chosen since the previous application and the site plan is essentially the same as the one proposed for CON #9659. The new three-story facility will be located on this 30-40 acre site within a reasonable distance from the existing facility.

The applicant seems to be aware of all the requirements for disaster preparedness in the codes that will govern this project, if it is approved. There should be no problems with either the flood plain elevation or the hurricane surge inundation according to the narrative. Accommodations for both vertical and horizontal expansion of the building have been made, even though this may increase the original costs to establish the facility. Horizontal expansion on the first floor can take place in all directions.

The satellite facility, to be called West Boynton Community Hospital, will utilize the support and infrastructure of the main hospital. There will be 68 medical/surgical beds and 12 critical care beds. All patient rooms will be private and each will have a toilet/bathroom. The required number of rooms to meet handicapped accessibility standards will be met.

An enlarged typical floor plan of a handicapped-accessible patient room has been added since the previous review and the large-scale plan of a typical patient room now indicates the wheelchair turning radius in the toilet/shower room. No showers appear to be large enough to accommodate a patient in a wheelchair, and it would be preferable that some of the showers be sized for this situation.

The facility is well designed from a schematic standpoint and the plans seem identical to those submitted before. Public/patient functions and staff functions are separated as much as possible to provide efficiency and privacy. There is a central core with all the functions that one would expect. Major departments are located on the first floor and patient rooms are in the two towers of the "H" shaped building. Each of the two vertical legs of the "H" have patient rooms and a central core containing the common ancillary spaces.

From the placement of the two mechanical penthouses, it appears that the final number of floors has been determined. It would be quite

expensive to relocate existing penthouses when vertical expansion takes place.

An architectural concern about the geometry of the proposed building is in order. The two wings of the “H” have one façade that is curved on the exterior side. They are linked by a central core with elevators and other support spaces. Buildings with curvilinear design usually cost more than rectangular construction. This is not always the case, but it is an item of consideration. The cost data, with this caveat, and schedules submitted seem to be reasonable.

The building code information is not consistent from the narrative to the drawing sheets, but in any case, a number of these codes will have newer editions adopted before this project could be submitted to the AHCA Office of Plans and Construction for review as a project.

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 chart is repeated from earlier discussion to illustrate the levels of Medicaid and charity care in Subdistrict 5:

District 9-Subdistrict 5 Medicare, Medicaid and Charity Care Provision Percentages for Fiscal Year (FY) 2003

Facility	MCD	Charity Care	Total
Bethesda Memorial Hospital	21.40%	3.10%	24.50%
Boca Raton Community Hospital	1.80%	4.00%	5.80%
Delray Medical Center	2.30%	2.40%	4.70%
JFK Medical Center	8.50%	1.20%	9.70%
Wellington Regional Medical Ctr	11.90%	7.00%	18.90%
West Boca Medical Center	8.20%	1.10%	9.30%
Subdistrict Average	9.02%	3.13%	12.15%
District Average	12.80%	2.00%	14.80%

Source: 2003 Hospital Financial Data, provided by the AHCA Financial Analysis Unit

For FY 2003, Bethesda Memorial Hospital led the subdistrict in its percentage of dollars provided to care for Medicaid patients by almost

double the amount of the next highest provider, Wellington RMC. Wellington provided more than double the percentage of dollars to charity care than did Bethesda during this same period, but as these are much smaller percentages and hence smaller differences, the combined Medicaid and charity care provision percentage for Bethesda remains higher for this period than that of Wellington. Medicaid percentages in the subdistrict ranged from the high of 21.4 percent at Bethesda down to 1.8 percent at Boca Raton Community Hospital. Bethesda provided the fourth largest percentage of Medicaid in District 9.

Uncompensated care in the subdistrict ranged from a high of 7.00 percent at Wellington down to 1.1 percent at West Boca Medical Center. Bethesda Memorial provided 3.1 percent, an amount higher than that of the subdistrict average and the district average. Figures for District 9 are not as high as those of the subdistrict for uncompensated care. The applicant states that for the 12-month period ending September 30, 2004, Bethesda Memorial absorbed \$27.8 million in uncompensated care provisions, and that continued services to the medically indigent population of South Palm Beach County is a hallmark of the Bethesda Healthcare System’s mission.

Should this project be approved, 80 beds that are currently utilized for providing care to a poorer population would be transferred to an area more likely to consist of insured populations. How this transfer of beds would affect the total dollar amounts of care provided to Medicaid and indigent patients cannot be evaluated based on the applicant’s information. The applicant states that the growth rate of Medicaid recipients increased 37.0 percent in District 9 from year 2000 – 2002 versus an increase of 24.9 percent statewide. Palm Beach County is said to have the greatest concentration of Medicaid recipients in the district, and the following table is found on page 43 of the CON application:

District 9 Number of Medicaid Recipients 2000, 2002

County	MCD Recipients		MCD Recipients		Growth 2000-2002	
	Year 2000	%	Year 2002	%	Recipients	%
Indian River	8,012	6.5	11,224	6.6	3,212	40.1
Martin	8,050	6.5	9,914	5.9	1,864	23.2
Okeechobee	4,791	3.9	6,796	4.0	2,005	41.8
Palm Beach	7,934	64.3	111,148	65.7	31,764	40.0
St. Lucie	23,233	18.8	30,013	17.8	6,780	29.2
District 9	123,470	100.0	169,095	100.0	45,625	37.0
Florida	1,679,342		2,097,302		417,960	24.9

Source: CON Application #9838 Page 43

Medicaid recipients are said to be growing at a rate of 20 percent within Palm Beach County each year, with Bethesda Healthcare System providing care for nearly 48 percent of Medicaid recipients in the south

county area. The applicant provides the following counts of Medicaid admissions for subdistrict facilities:

South Palm Beach County Medicaid Admissions					
Hospital	1999	2000	2001	2002	2003
Bethesda Memorial Hospital	1,819	2,005	2,202	2,533	2,752
Boca Raton Community Hospital	184	200	254	600	758
Delray Medical Center	121	117	161	174	213
JFK Medical Center	801	746	978	1,051	1,272
Wellington Regional Medical Center	414	496	485	800	635
West Boca Medical Center	338	348	375	437	548
Subdistrict	3,677	3,912	4,455	5,595	6,178

Source: CON Application #9838 Page 45

If correct, the above inpatient data suggests that Bethesda Memorial is serving a considerable amount more Medicaid patients than other facilities in the subdistrict. While it is reasonable that Bethesda Memorial would serve more Medicaid patients than those facilities with much lower bed counts, the fact that Bethesda is serving significantly more Medicaid patients than those area facilities with higher bed counts¹⁸ supports the applicant’s claim that financial balancing may be in order.

The applicant states that Bethesda Memorial Hospital lost \$192.95 for every Medicaid patient day in FY 04, and it is for this reason that the applicant insists it must offset the Medicaid and uncompensated volumes¹⁹ at its existing facility. The applicant states that Bethesda Memorial Hospital could be operating at zero operating margin by 2008 and with substantial operating losses by 2010²⁰. The reviewer cannot adequately evaluate this.

The applicant states that an approval of this application would enhance the Migrant Association of South Florida and The Caridad Health Clinic’s ability to provide inpatient and emergency care services to the uninsured and medically indigent migrant population since the West Boynton Community Hospital would be adjacent to those locations.

Assumptions to Schedule 7A list charity care for Bethesda Healthcare System at 3.5 percent of total patient service revenues, or \$42.5 million of charity care in FY 09 and \$44.7 million in FY 10.

¹⁸ JFK Medical Center has a bed count of 424 versus Bethesda Memorial’s bed count of 347, yet JFK admitted 1,272 Medicaid patients in 2004 versus Bethesda Memorial’s 2,752. Boca Raton Community Hospital has a bed count of 384 versus Bethesda Memorial’s bed count of 347, yet Boca Raton Community Hospital admitted 758 Medicaid patients in 2004 versus Bethesda Memorial’s 2,752.

¹⁹ Charity care at Bethesda Memorial is stated to have been \$65,507,363 from 2002 – 2004, with each year at a higher level than the previous.

²⁰ See Financial Impact Analysis Based on Current Trends in Payer Distribution found on page 52 of the CON application.

The applicant requests a condition for the provision of a minimum of 5.0 percent patient days to Medicaid/Medicaid HMO and charity patients combined at the proposed facility. The applicant estimates that \$7.3 million will be provided to charity care in FY 09 solely at the West Boynton facility, and another \$10.6 million in FY 10.

F. SUMMARY

Bethesda Healthcare System, Inc. (CON #9838) is applying for a Certificate of Need (CON) to establish an 80-bed acute care satellite hospital in West Boynton, District 9, Subdistrict 5 in Palm Beach County. The applicant operates Bethesda Memorial Hospital, a Class 1 not-for-profit hospital currently licensed for 347 acute care beds, 12 Level II NICU beds and three Level III NICU beds. The 28 comprehensive medical rehabilitation beds approved with CON #9507 are under construction but are not yet licensed. The agency has received notice of the applicant's intent to add three additional NICU beds and eight CVICU beds, but these are not yet licensed as of the writing of this report.

The applicant proposes a CON condition that at least five percent of West Boynton Community Hospital's patient days be provided to Medicaid, Medicaid HMO and charity care patients on a combined basis.

The reported total project cost is \$82,401,400. Total construction costs are reported at \$38,026,000 and the project will involve 190,130 GSF of new construction.

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

Need:

- The applicant presents the proposed project to improve Bethesda's overall financial position and to ensure no loss of market share. Bethesda Memorial projects it could be operating with substantial losses by 2010, and is attempting to balance its finances by tapping into the insured/paying populations of West Boynton.
- Household income statistics in the proposed area versus Bethesda's present primary service area (PSA) indicate that the 80 beds would serve a population more likely to be insured, and thus approval of the project could improve Bethesda's financial ability to serve the subdistrict's medically indigent population. However, some portion of Bethesda's existing patient population from this PSA is also medically

indigent.

- The Palm Beach County population is increasing faster than the district and state populations, and it is reasonable that Palm Beach County will become more heavily concentrated with an over-65 population than the remainder of the district within a few years of the completion of the proposed project period; however, it was not sufficiently demonstrated that these increases alone would keep existing and future subdistrict beds filled.
- The Hispanic population is projected by the applicant to grow 47 percent in the proposed service area from 2004 – 2009, compared to a projected 18 percent growth of the total population of this area, not including the number of undocumented immigrants, who are likely to be uninsured. The applicant expects the adjacency of the proposed location to Caridad Health Clinic will increase access to inpatient and emergency care services for these and other indigent groups in the service area. It is clear the applicant expects significant growth within this community that is disproportionately less likely to be insured than the general population.
- Three facilities account for 72 percent of the patient days for the satellite services, those being JFK Medical Center, Bethesda Memorial and Delray Medical Center with 33.55 percent, 25.04 percent and 13.41 percent shares respectively. The applicant is not projecting exceeding its current share of the primary and secondary market.
- The applicant provides a driving times analysis that suggests Subdistrict 5 facilities are between 23.5 and 29.1 minutes of the proposed service area. Should the proposed project be approved, it is likely that the Medicaid and indigent populations of West Boynton would experience reduced travel times, and thus might rely on tax-supported transit systems to a lesser extent. These reduced travel times would also benefit the pockets of over-65 populations in the proposed service area.

Quality of Care:

- No pattern of complaints seems evident and the reviewer finds no indications of sub-standard care at Bethesda Memorial Hospital.
- The applicant provides letters of support from area physicians committing to providing service at the proposed facility, and the applicant states it is experiencing a lower than average vacancy rate for nursing personnel.

Medicaid/charity care:

- For FY 2003 Bethesda Memorial Hospital led the subdistrict in its percentage of dollars provided to care for Medicaid patients by almost double the percentage of the next highest provider.
- Bethesda Memorial provided 3.1 percent charity care, an amount higher than that of the subdistrict average and the district average.
- Should this project be approved, 80 beds that are currently utilized for providing care to a poorer population would be transferred to an area more likely to consist of insured populations. How this transfer of beds would affect the total dollar amounts of care provided to Medicaid and indigent patients by Bethesda Healthcare System cannot be evaluated based on the applicant's information.
- The applicant requests a condition for the provision of a minimum of 5.0 percent patient days to Medicaid/Medicaid HMO and charity patients combined at the proposed facility. The applicant estimates that \$7.3 million will be provided to charity care in FY 09 at West Boynton, as well as \$10.6 million in FY 10.

Financial Feasibility:

- The applicant has good short-term and long-term positions.
- The applicant provided a letter from SunTrust Capital Markets, Inc. dated April 14, 2005, stating that based on current market conditions and credit position of the applicant, Sun Trust Capital Markets, Inc. is highly confident that the applicant will be able to finance the debt portion of the project through issuance of publicly offered exempt revenue bonds.
- The applicant's projection of patient days for year two of the project appears achievable since the parent hospital is already providing more than the projected amount for the services expected to be delivered by the satellite hospital in the primary zip code alone. This appears to be a conservative assumption and therefore is considered reasonable.
- The projected payer mix is relatively consistent with the existing payer mix in the proposed service area with the exception of charity care, which is likely overstated. Overstating charity care is a conservative

assumption relative to the financial projections. Both the projected total occupancy and payer mix appear reasonable.

- The financial feasibility of this project appears likely.
- The applicant already has 25.81 percent of the admissions in the projected primary service area for the services to be provided by the satellite hospital, and has a women's center and "Medical Mall" currently serving the proposed service area. The applicant already has a significant presence in the proposed market and therefore is not offering a new choice of provider or services.
- Although the applicant is not a new provider in the service area, the satellite hospital will give consumers a new choice of location, and thus the proposed satellite is likely to draw greater market share than the parent hospital's current share.

Architectural Analysis:

- The applicant seems to be aware of all the requirements for disaster preparedness in the codes.
- All patient rooms will be private and each will have a toilet/bathroom. The required number of rooms to meet handicapped accessibility standards will be met.
- No showers appear to be large enough to accommodate a patient in a wheelchair.
- The two wings of the "H" have one façade that is curved on the exterior side, and buildings with curvilinear design usually cost more than rectangular construction. The cost data, with this caveat, and schedules submitted seem to be reasonable.

G. RECOMMENDATION

Approve CON # 9838 to establish an 80-bed acute care hospital in the West Boynton area of Palm Beach County. The project involves \$38,026,000 in construction costs and 190,130 GSF of new construction. Project costs total \$82,401,400.

CONDITION: A minimum of five percent of the acute care hospital's total annual patient days shall be provided to Medicaid, Medicaid HMO and charity care patients on a combined basis.

AUTHORIZATION FOR AGENCY ACTION

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

DATE: _____

Karen Rivera
**Health Services and Facilities Consultant Supervisor
Certificate of Need**

Jeffrey N. Gregg
Chief, Bureau of Health Facility Regulation