

STATE OF FLORIDA
DIVISION OF ADMINISTRATIVE HEARINGS

HCA HEALTH SERVICES OF)
FLORIDA, INC., d/b/a HCA)
OAK HILL HOSPITAL,)
)
Petitioner,)
)
vs.) CASE NO. 91-1591
)
DEPARTMENT OF HEALTH AND)
REHABILITATIVE SERVICES,)
)
Respondent,)
)
and)
)
HERNANDO HEALTHCARE, INC.,)
d/b/a BROOKSVILLE REGIONAL)
HOSPITAL,)
)
Respondent.)
_____)

RECOMMENDED ORDER

Pursuant to notice, a formal hearing was commenced in the above-styled case on October 31, 1991, at Tallahassee, Florida.

APPEARANCES

For Petitioner: Robert S. Cohen, Esquire
306 North Monroe Street
Tallahassee, Florida 32301

For Respondent: Leslie Mendelson, Esquire
2727 Mahan Drive
Tallahassee, Florida 32308

For Intervenor: Stephen Ecenia, Esquire
Post Office Box 1877
Tallahassee, Florida 32302

STATEMENT OF THE ISSUES

Whether Oak Hill Hospital should be awarded certificate of need 6383 to add 54 additional acute care beds in Hernando County, HRS District III.

PRELIMINARY STATEMENT

This cause was initiated by Petition for Formal Administrative Hearing filed by Oak Hill Hospital challenging HRS' preliminary decision to deny its application for CON 6383 filed on February 7, 1991 with the HRS department clerk

and referred to the Division of Administrative Hearings for assignment of a hearing officer. By Order of April 19, 1991, Hernando Healthcare Inc., d/b/a Brooksville Regional Hospital was granted intervention in the cause. At the commencement of the hearing, the parties stated that a stipulated settlement had been reached, but a short additional period of time was needed to reduce the stipulated facts to writing and present same to the Hearing Officer. Accordingly, the hearing was adjourned, and the parties subsequently submitted a proposed recommended order signed by all parties. Based upon the stipulated facts the following is submitted.

FINDINGS OF FACT

1. On August 10, 1990, HRS published in Volume 16, Number 32 edition, of the Florida Administrative Weekly, a fixed need pool of zero needed acute care hospital beds for HRS District III, Subdistrict VI, Hernando County. Thereafter, Oak Hill Hospital timely and properly filed a letter of intent requesting the addition of 56 acute care beds in Hernando County District III.

2. The letter of intent was followed by a timely filed application to add 54 acute care beds at Oak Hill Hospital at a project cost of \$4,498,690. The addition of 54 acute care beds will be accomplished by the addition of a fifth floor of 19,800 gross square feet to the existing hospital.

3. The application was properly deemed complete effective November 13, 1990, and the application was preliminarily denied on January 11, 1991.

4. Oak Hill Hospital is a 150 bed acute care hospital located in Hernando County, Florida, HRS District III.

5. There are three existing acute care facilities in Hernando County. In addition to Oak Hill Hospital, Hernando Healthcare, Inc., operates Brooksville Regional Hospital and its Satellite facility, Springhill Hospital, with 166 combined licensed beds.

6. Pursuant to the bed need formula in the Acute Care Rule, the projected need for acute care beds in the relevant horizon is 4,785 beds in District III. Because the base period occupancy rate for the district was less than 75 percent, the net need for acute care beds defaulted to zero in accordance with the terms of the rule.

7. During the base period, calendar year 1989, Oak Hill Hospital experienced a 93.87 percent occupancy rate. This occupancy level would allow the facility to seek beds pursuant to the provisions of Rule 10-5.038(7)(e), Florida Administrative Code. Oak Hill Hospital has demonstrated a need for an additional 54 acute care beds.

8. Oak Hill Hospital is JCAHO accredited. It provides quality care at its facility. Likewise, Brooksville Regional Medical Center and its satellite facility provide quality of care in those facilities.

9. The proposed costs and methods of construction contained in the application are reasonable.

10. Oak Hill Hospital can properly equip its proposal for the amount contained in the application.

11. Oak Hill Hospital's proposal is financially feasible in both the short and the long term.

12. Oak Hill Hospital can achieve the utilization level it projects in its application, which is reasonable.

13. Oak Hill Hospital has committed to provide a minimum of 1.5 percent of total annual patient days to Medicaid patients and a minimum of 1.0 percent of total annual patient days to indigent patients.

CONCLUSIONS OF LAW

14. The Division of Administrative Hearings has jurisdiction over the parties to and the subject matter of these proceedings.

15. According to the prehearing stipulation filed by the parties, Sections 381.705(1)(b), as to quality of care, (e), (g), (j), (m) and (2)(e), Florida Statutes, are met or not in dispute.

16. The award of a CON for acute care beds is governed by Rule 10-5.038, Florida Administrative Code. Under the provisions of this rule, even when there is no need for beds pursuant to the methodology contained in the rule, as in this case, beds may be awarded to an existing hospital pursuant to the provisions of subparagraph (7)(e) when there is a bed need and the average twelve month occupancy at the facility is at or exceeded 75 percent.

17. In this case, the occupancy at Oak Hill Hospital for the relevant period was greater than 75 percent and, therefore, it is possible to award the beds requested by the applicant. Oak Hill Hospital has demonstrated that it can achieve the utilization it projects, which is a reasonable occupancy level, and that the beds are needed. The hospital will provide quality care and be financially feasible.

18. Based on a balanced consideration of all statutory review criteria, the Oak Hill Hospital application will benefit the health care delivery system in Hernando County.

RECOMMENDATION

It is recommended that CON 6383 be issued to Oak Hill Hospital to construct and operate an additional 54 acute care beds at a cost of \$4,498,690 by the addition of a fifth floor of 19,800 gross square feet to the existing hospital in Hernando County, Florida. It is further recommended that the CON be conditioned upon the requirement of a minimum of 1.5 percent total annual Medicaid patient days and a minimum of 1 percent total annual charity patient days, as reported to the Health Care Cost Containment Board.

RECOMMENDED this 7th day of November, 1991, in Tallahassee, Florida.

K. N. AYERS
Hearing Officer
Division of Administrative Hearings
The Desoto Building
1230 Apalachee Parkway
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Filed with the Clerk of the
Division of Administrative Hearings
this 7th day of November, 1991.

COPIES FURNISHED:

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