STATE AGENCY ACTION REPORT

CON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

The Nemours Foundation/CON #9979
4600 Touchton Road East
Building 200, Suite 2500
Jacksonville, Florida 32246

Authorized Representative: David J. Bailey, M.D.
(904) 232-4236

2. Service District/Subdistrict

District 7/Subdistrict 2

B. PUBLIC HEARING

A public hearing was not held or requested regarding the establishment of an 82-bed class II children's hospital in District 7, Orange County.

The applicant submitted three binders[1] containing approximately 1,000 letters of support for the proposed hospital these were the same letters submitted for CON #9978 and CON #9980, also submitted by Nemours in this batching cycle. Letters were submitted by relatives of former patients, area health care providers, children's health community organizations, community leaders and Nemours staff. The content of the letters ranged from one sentence expressing general support for the hospital project to detailed stories of a patient's involvement with the Nemours Foundation in Florida and/or Delaware. A small percentage of letters indicated having to travel to Gainesville, Jacksonville or Miami for specialized care and/or waiting for a hospital bed at existing facilities. It is noted that the applicant expects to provide services from its proposed Orlando area location to children in Escambia County and other areas with further driving distances than those described in these letters of support.

[1] Volumes III, IV and V were each three inches wide, with volumes IV and V containing approximately half of their volume in blank form letter requests.

Among the letters of support submitted by the applicant were a letter from Terry L. Hickey, Ph.D. Provost and Executive Vice President of the University of Central Florida's (UCF) Burnett College of Biomedical Science and College of Nursing and a letter from Karen Eastham, Executive Vice President and Chief Operating Officer of the Burnham Institute for Medical Research.

The Burnham Institute for Medical Research was founded in La Jolla, California, as a non-profit medical research institute focused on cancer research whose objective is to reveal the fundamental molecular mechanisms of disease, and to use that knowledge to devise the prototype therapies of tomorrow. This aim is undertaken through a collaborative style of research that merges the talents of biologists with chemists, biophysicists, engineers, and computer scientists, creating a team-based approach for tackling the unmet medical challenges of today. The Burnham consistently ranks among the top 20 organizations for the impact of its research publications, and is among the top 0.04 percent organizations worldwide for citations received per publication, according to the *Institute for Scientific Information*. Though journal publications are their chief product, during their 30-year history, Burnham scientists have also contributed directly or indirectly to at least five approved therapies and several diagnostic tests that are currently in use, saving and extending lives; plus, another nine innovative therapies are currently in clinical testing at over 50 medical centers around the world. The *Burnham Institute for Medical Research* ranks 5th in the nation among private research institutes for National Institutes of Health funding. According to the Center for Advanced Research, the Burnham Institute is the most efficient private research institution in the nation, covering over 90 percent of its operating costs through competitive grants awarded to its scientists.

Dr. Hickey states that Nemours Orlando Children's Hospital would make an outstanding partner for UCF's developing health sciences campus. Dr. Hickey further states that UCF would pursue a broad, long-standing, academic relationship with Nemours, including agreements that would allow students enrolled in UCF's various health professions programs to pursue clinical training at the Nemours facility. Additionally, UCF would be pleased to have Nemours serve as one of its partners.

Ms. Eastham describes her understanding of Nemours plans for this proposed hospital to include an active clinical research program that is inclusive of graduate and post graduate medical education as well as allied health training programs and collaborative research and educational partnerships with research organizations like the Burnham Institute. Ms. Eastham indicates the close proximity of the proposed hospital is essential to attracting Nemours clinical scientists. With that

understanding, Ms. Eastham indicates the collaboration includes:

- Joint recruitment of scientist, clinical scientist and clinicians.
- Expansion of the Burnham's institute research projects in the areas of pediatric conditions and therapies.
- Joint grant applications.
- Collaboration with UCF to increase opportunities to train future scientist and healthcare professionals in addition to providing scholarly interaction between the scientist, the educator and the student.

Sixteen letters of opposition were received regarding the establishment of the three proposed projects: Class II Children's Hospital, Level II NICU and Level III NICU. Twelve of the 16 letters were provided by administrative and clinical staff with Orlando Regional Healthcare, including the women's and children's component of Orlando Regional Healthcare, Arnold Palmer Hospital and Winnie Palmer Hospital. Two letters of opposition were submitted by Kids' Docs. Kids' Docs states that a third children's hospital will add to the stress in availability of experienced pediatric and neonatal nurses; and that getting pediatric specialists to cover two hospitals is getting much more difficult and adding a third hospital will be a disaster. According to Kids' Docs a virtual bidding war is starting over call coverage which will eventually lead to increased health care costs. They believe this proposal will fragment the delivery of health care, increase cost and not add enough value to offset the problems that will be created. The final two letters were submitted by area physicians who feel that Nemours' current plan to develop a hospital would duplicate existing services, create more competition for nursing staff, and potentially increase the costs of care in Central Florida. They indicate that if Nemours would focus its resources on unmet needs in the community which include an inpatient rehabilitation center, pediatric psychiatric care, and possibly extended care for other neurological disorders such as autism, it would have a regional draw that would not compete with existing institutions.

One letter of concern was sent by the President and CEO of Florida Hospital, Lars Hollmann. The letter states that if Nemours is to truly benefit the children and citizens of Florida its enforceable CON conditions should represent a real commitment to the community to add resources and services that are not already present and to substantially increase access to care.

C. PROJECT SUMMARY

The Nemours Foundation (CON #9979) is applying to establish an 82-bed class II children's hospital[2] in District 7, Subdistrict 2, Orange County offering subspecialty care to patients with complex pediatric disease issues that require highly specialized resources and integrated patient management. The applicant currently operates a children's hospital in Wilmington, Delaware and four major children's specialty outpatient centers. One of the outpatient centers is located in Wilmington, Delaware, and the other three are in the Florida cities of Jacksonville, Orlando and Pensacola. The applicant has submitted two additional applications for this batch to develop a five-bed Level II NICU (CON #9978) and an eight-bed Level III NICU (CON #9980) all at the same Orlando area location, within this proposed 82-bed facility. The applicant proposes to offer a continuum of subspecialty care to a regional area larger than Orange County and District 7. District 7 consists of Brevard, Orange, Osceola and Seminole Counties.

The applicant agreed to condition approval of this and the two neonatal intensive care unit (NICU) projects simultaneously filed by the applicant[3] to the following 10 provisions:

1. Locate Nemours Orlando Children's Hospital in the Lake Nona area of Orange County. The site will be in ZIP code 32824 or 32827.

2. At least 54 percent of the 82-bed[4] hospital's total patient days will be provided to Medicaid/Medicaid HMO or patients qualifying for charity care.

3. Limit the amount of reimbursement it receives from the Medicaid program for services it provides to Medicaid recipients. Nemours agrees to accept Medicaid (non-HMO) reimbursement for patients based on the average of the two existing Class II children's hospitals in Florida - All Children's Hospital and Miami Children's Hospital. It is noted that if approved, the applicant would be building a new facility and therefore entitled to a higher Medicaid reimbursement rate than that of All Children's and Miami

[2] The facility would be a 95-bed facility consisting of 82 acute care beds (CON #9979), five Level II NICU beds (CON #9978) and eight Level III NICU beds (CON #9980).

[3] The applicant has provided the same 10 conditions with each application. In each case the applicant has clearly stated that the condition is for "this application". [see page 286 of CON #9979, page 312 of CON #9978 and page 313 of CON #9980]. This means that it will provide a total of nine million dollars annually to clinical outcomes/clinical research, for example, between the three filed applications with this commitment for each application.

[4] Because the applicant has clearly stated on Schedule C that it intends "this application" to be condition as listed, the applicant is noting that it will provide 54 percent of its patient days to the medically indigent in the 82-bed facility.

Children's. The applicant notes that: "Essentially this means that Nemours, as a specialized children's hospital is willing to accept substantially less reimbursement than it would otherwise be entitled to under the existing Medicaid reimbursement guidelines as contained in the current *Florida Title XIX Inpatient Hospital Reimbursement Plan*, Version XXIX with an effective date of July 1, 2005."

4. Nemours will subsidize any shortfalls in revenues over expenses incurred at Nemours Orlando Children's Hospital.

5. At least 50 full-time equivalent sub-specialist physicians will be added on the campus of Nemours' Orlando Children's Hospital within five years of opening.

6. Provide a clinical program to transport patients in need of specialized services from other hospitals and emergency rooms in Florida to Nemours Orlando Children's Hospital.

7. Fund seven different sub-specialty fellowship positions through the appropriate processes with graduate medical educational organizations.

8. Provide a minimum of three million dollars annually to clinical outcomes/clinical research.

9. Create dedicated space on the campus for research integrated with the hospital. Clinical research will be based near the point of care, across the continuum. Nemours physicians will participate in leading research programs as a result of approval of the Nemours Orlando Children's Hospital.

10. Create an advisory board with child advocacy organizations in Florida to identify patient populations for whom special programs and facilities will be offered. This advisory board will be convened no later than the first year of operation of Nemours Orlando Hospital.

The total project cost is estimated at $266,848,451 and 384,060 gross square feet (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 Cheslyn Green analyzed the application with consultation from the financial analyst Ryan Fitch, who reviewed the financial data; architect Scott Waltz who evaluated the architectural and the schematic drawings; and Chief of Health Facility Regulation, Jeff Gregg who acted as advisor.

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.

Certificate of Need (CON) regulations do not contain an acute care bed need methodology. Therefore, no fixed need pool was published for acute care beds in District 7, Subdistrict 1, Orange County. Acute care beds may be added at any existing acute care hospital at any time unless that hospital is located in a statutorily defined "low growth county"[5]. In 2007, the only county in Florida to meet the CON definition of *low-growth* was Escambia County.

If no Agency rule exists, the applicant will be responsible for demonstrating need through a needs assessment methodology described in section 59C-1.008 (2) (e) 2. Florida Administrative Code (F.A.C.) which includes, at a minimum, consideration of the following topics:

a. Population demographics and dynamics
b. Availability, utilization and quality of like services in the district, subdistrict or both;
c. Medical treatment trends; and
d. Market conditions

The applicant believes that the provision of service and certain services it proposes to offer in this children's hospital are unique and will improve care to the pediatric population in Florida. The applicant states that much of what it expects to accomplish in years to come in this proposed hospital will be achieved though collaboration with the University of Central Florida's health sciences program and the Burnham Institute's research and educational programs. Among the applicant's expectations is being recognized nationally as a "top tier" children's hospital.

Discussion in response to the health planning needs assessment criteria listed above center around medical treatment trends, improved quality of care, and certain market conditions, more so than population demographics and dynamics and availability and utilization of like services. However, the applicant does consider certain treatment options to be not available to residents of its proposed service area and expects growth in the pediatric

[5] Section 408.036 (1)(g), Florida Statutes: A low-growth county is defined as a county that has: (1) A hospital with an occupancy rate for licensed acute care which has been below 60 percent for the previous five years; (2) Experienced a growth rate of four percent or less for the most recent three-year period for which data are available, as determined using the population statistics published in the most recent edition of the Florida Statistical Abstract; (3) A population of 400,000 or fewer according to the most recent edition of the Florida Statistical Abstract; and (4) A hospital that has combined gross revenue from Medicaid and charity patients which exceeds $60 million per year for the previous two years.

population in its proposed service area. The applicant notes that according to year 2000 information from the U.S. Census Bureau, Florida is ranked fourth in the nation in population under age 18 with California, Texas and New York ranked one through three respectively. As shown in population growth charts below, this population is expected to grow in the applicant's proposed primary service area by 7.89 percent within the next five years. The state as a whole is also expected to growth, but not by as much a percentage, at 6.29 percent within the next five years.

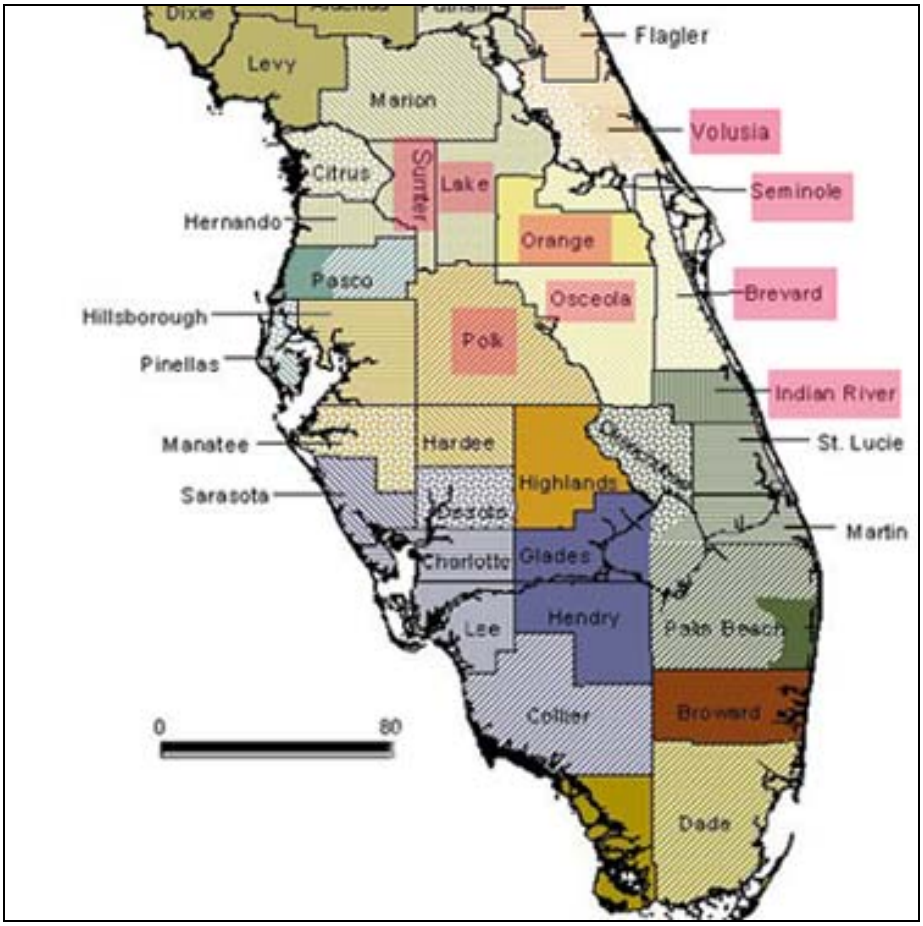
This proposal is predicated upon arguments of special, not normal, circumstance as detailed below.

Population demographics and dynamics and bed availability and utilization:

The applicant states that it intends to serve patients throughout Florida and throughout the southeast United States. It expects to serve patients in central and north Florida to include the following counties:

- Orange in District 7
- Brevard in District 7
- Osceola in District 7
- Seminole in District 7
- Lake in District 3
- Indian River in District 9
- Polk in District 6
- Sumter in District 3
- Volusia in District 4

Initial Service Area Counties



Source: AHCA GIS mapping
Note: proposed counties are highlighted in red

However, the applicant has identified its primary service area as District 7 which is comprised of Orange, Brevard, Osceola, and Seminole County. The applicant's secondary service area consists of District's 3, 4, 6, and 9 which include Lake, Sumter, Volusia, Polk and Indian River Counties.

The applicant provided a map on page 102 of its application showing Nemours Children's Clinic patient origin by county in 2005. This map indicates that Nemours provided outpatient services to 45 thousand children each in Escambia and Duval Counties; both are north Florida counties. This map also shows that Nemours provided outpatient services to at least one patient in every county in Florida.

The age 17 and under population in the applicant's defined service area is expected to grow by 7.98 percent between 2008 and 2013, compared to 6.29 percent statewide growth for the same age group. The population

estimates by district compared to the state as a whole are shown in the table below:

Service Area Population Growth (17 and under)							
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**Growth**
District 3 Lake and Sumter Counties	71,089	73,059	74,883	76,837	78,828	80,752	13.59%
District 4 Volusia County	102,471	103,164	103,654	104,643	105,833	107,033	4.45%
District 6 Polk County	137,664	139,017	140,054	141,636	143,386	145,080	5.38%
District 7	579,363	589,009	597,842	607,979	618,553	629,051	8.57%
District 9 Indian River County	25,919	26,287	26,614	26,992	27,380	27,767	7.12%
Total	**916,506**	**930,536**	**943,047**	**958,087**	**973,980**	**989,683**	7.98%
State	**4,240,132**	**4,294,176**	**4,336,964**	**4,391,777**	**4,449,818**	**4,507,219**	6.29%

Source: AHCA Population Estimates, September 2006

District 3 will experience the fastest population growth of children (17 and under), growing by 13.59 percent during the five-year period. Of the five districts in the defined service area, Districts 7, 3 and 9 are projected to grow by a larger percentage than the state population of those 17 and under. Districts 4 and 6 are projected to grow by a smaller percentage than the state, with District 4 projected for 4.45 percent growth in five years.

Pediatric services can be performed in any general Class I acute care hospital. The Agency does not keep an inventory or publish utilization statistics for pediatric beds however; the Agency does keep an inventory and publishes utilization statistics for acute care beds, which may be designated by a hospital for pediatric use. There were 48,007 licensed acute care beds in Florida during the 12-month period ending June 2006 with an average utilization of 58.62 percent. Utilization in acute care beds in Florida has averaged below 60 percent for over five years.

There are currently two hospitals in the state that are designated children's hospitals and licensed as Class II pediatric hospitals: All Children's Hospital located in Pinellas County and Miami Children's Hospital located in Miami-Dade County. The following table illustrates the utilization at these two facilities for the past five years:

Utilization at Class II Hospitals 2002-2006

District	Facility	2002	2003	2004	2005	2006
5	All Children's Hospital	62.59%	68.66%	69.65%	75.30%	74.73%
11	Miami Children's Hospital	60.10%	62.42%	62.45%	65.03%	65.26%

Source: Florida Hospital Bed Need Projections & Service Utilization by District

The following table illustrates the discharges by district of patient origin for All Children's Hospital and Miami Children's Hospital during FY 2005-2006:

Total Discharges by District of Patient Origin July 2005- June 2006* for Selected Facilities

District	All Children's Hospital		Miami Children's Hospital	
	# Discharge	% Discharge	# Discharge	% Discharge
Outside Florida	125	1.52%	381	3.08%
1	18	0.21%	11	0.08%
2	10	0.12%	8	0.06%
3	451	5.50%	23	0.18%
4	12	0.14%	30	0.24%
5	4,177	51.0%	17	0.13%
6	2,118	25.0%	45	0.36%
7	71	0.86%	55	0.44%
8	1,171	14.3%	273	2.21%
9	28	0.34%	536	4.34%
10	Fewer than 7		717	5.80%
11	Fewer than 7		10,248	83.02%
Grand Total	8,189	100.00%	12,344	100.00%

Source: Florida Center for Health Information and Policy Analysis (FCHIPA)
***Data selected from 3rd and 4th quarter 2005 and 1st and 2nd quarter 2006**

As seen in the table above, discharges from All Children's Hospital largely consists of patients from Districts 5, 6 and 8. Discharges from Miami Children's Hospital are largely from District 11. Neither hospital is currently serving a large percentage of children from the applicant's proposed primary service area.

The use of tertiary care services at Florida's Class II children's hospitals has not always exceeded the same pediatric tertiary care services at Class I hospitals. For example, there were 215 pediatric open heart surgeries performed during CY 2005 at the Class II All Children's Hospital in Pinellas County, compared to 336 pediatric open heart surgeries at Class I St. Joseph's Hospital in adjacent Hillsborough County. Pediatric bone marrow transplants performed at Shands Hospital at the University of Florida, a Class I provider of pediatric services, totaled 37 during CY 2005, while Miami Children's Hospital and All Children's Hospitals, two Class II pediatric hospitals authorized to provide this service, performed 17 and 26 respectively. Pediatric kidney transplants performed at Shands totaled 23 for this period and All Children's, the only Class II pediatric hospital authorized to perform kidney transplants, performed three. During the previous year 2004, there were 168 pediatric open heart surgeries performed at the Class II

All Children's Hospital, compared to 324 pediatric open heart surgeries at Class I St. Joseph's Hospital. Pediatric bone marrow transplants performed at Shands Hospital at the University of Florida totaled 21 during CY 2004, while Miami Children's Hospital and All Children's Hospitals performed 16 and nine respectively. Pediatric kidney transplants performed at Shands totaled 22 during 2004, and All Children's, the only Class II pediatric hospital authorized to perform kidney transplants, performed one. More recent fiscal year information (July 2005- June 2006) shows that there were few changes in pediatric tertiary care services. For example, there were 215 pediatric open heart surgeries performed during FY 2005-2006 at the Class II All Children's Hospital in Pinellas County, compared to 346 pediatric open heart surgeries at Class I St. Joseph's Hospital in adjacent Hillsborough County. Overall, the trend is the same.

Because Class I hospitals performed a greater number of children's tertiary services in recent years than did Class II hospitals, it is likely that Class I hospitals in the proposed service area represent an option of care for child patients seeking tertiary services. The utilization of Class I hospitals (all ages) is provided in the table below by district for FY 2005-2006:

Acute Care Utilization by District FY 2005-2006		
District	**Beds**	**Occupancy**
District 1	1,873	49.25%
District 2	1,622	46.92%
District 3	3,707	68.86%
District 4	4,385	65.90%
District 5	4,430	51.56%
District 6	5,819	58.12%
District 7	4,836	69.57%
District 8	4,021	50.61%
District 9	4,481	63.76%
District 10	5,082	54.28%
District 11	7,844	56.07%
STATE TOTAL	**48,100**	**58.62%**

Source: Florida Hospital Bed Need Projections and Service Utilization by District, Published January 2007

The following table shows hospitals within the applicant's proposed service area with over 500 pediatric (17 and under) discharges during year ending June 2006:

Discharges of Pediatric Patients From Hospitals* in The Service Area All DRGs

District	County	Hospital	Discharges
7	Orange	Orlando Regional Medical Center	1168
7	Orange	Florida Hospital	47642
7	Orange	Florida Hospital East Orlando	2527
7	Orange	Health Central	2900
7	Seminole	Central Florida Regional Hospital	1974
7	Brevard	Wuesthoff Medical Center – Rockledge	4172
7	Osceola	Osceola Regional Medical Center	7709
7	Brevard	Cape Canaveral Hospital	2127
7	Orange	Orlando Regional Lucerne Hospital	1687
7	Seminole	Orlando Regional South Seminole Hospital	6910
7	Orange	Arnold Palmer Hospital for Women & Children	80403
7	Seminole	Florida Hospital Altamonte	2744
7	Osceola	Florida Hospital Celebration Health	2927
7	Brevard	Wuesthoff Medical Center – Melbourne	2515
7	Brevard	Holmes Regional Medical Center	11276
7	Brevard	Parrish Medical Center	2707
7	Orange	Winter Park Memorial Hospital	7085
3	Lake	South Lake Hospital	1747
3	Lake	Florida Hospital Waterman	3228
3	Lake	Leesburg Regional Medical Center	4631
4	Volusia	Halifax Medical Center	10130
4	Volusia	Florida Hospital Deland	3176
4	Volusia	Florida Hospital Ormond Memorial	2736
6	Polk	Winter Haven Hospital	905
6	Polk	Bartow Regional Medical Center	973
6	Polk	Heart of Florida Regional Medical Center	3788
6	Polk	Lakeland Regional Medical Center	19291
6	Polk	Regency Medical Center	6496
9	Indian River	Indian River Medical Center	5963
		Facilities with fewer than 500 pediatric discharges	827
		TOTAL	255,364

Source: Florida Center for Health Information and Policy Analysis (FCHIPA), formerly the State Center for Health Statistics.
*** Does not include hospitals with fewer than 500 pediatric discharges.**

During year ending June 2006 there were 255,364 discharges of children under 18 from the service area.

The applicant projects that between year 2012 and 2016 it will have had 26,042 discharges from the service area which includes primary service area counties Orange, Osceola, Brevard and Seminole and secondary service area counties Indian River, Polk, Lake, Volusia and Sumter[6].

The applicant projected discharges and utilization in the 82 proposed acute care beds as follows:

Projected Acute Care Utilization -2012 though 2016

[6] Primary service area District 7 and Secondary Service areas Districts 3, 4, and 8 are referenced on pg 115 of the application for CON #9979.

	2012	2013	2014	2015	2016
Acute Care Bed	82	82	82	82	82
Discharges	2,524	3,115	3,545	3,987	4,391
Average Length of Stay	5.0	5.0	5.0	5.0	5.0
Patient Days	12,620	15,575	17,725	19,935	21,955
Average Daily Census	34.6	42.7	48.6	54.6	60.2
Occupancy Rate	42.2%	52.0%	59.2%	66.6%	73.4%

Source: CON # 9979, page 120

As noted earlier, the applicant is not proposing to serve all pediatric patients in either its proposed service area or all of Florida. It intends to primarily serve medically complex cases that require sub-specialty care. As such, it is projecting low occupancy within the first five years, but expects that near the 10th year to achieve a better level of use. Unique factors exist here that do not normally exist in other applications to establish new hospitals. The applicant is being subsidized by the Dupont Foundation and does not have to operate at the same levels other hospitals do to remain operational. The applicant intends to serve a certain pediatric population. Data reporting in Florida does not allow the applicant to study and project its population based on the medical complexity of its proposed population and so it has had to estimate what it believes its market share will be. This estimate cannot be evaluated.

Based on current occupancy levels in existing area hospitals, this projection will likely impact existing facilities, particularly Florida Hospital and Arnold Palmer.

Medical Treatment Trends

The applicant notes that it currently treats premature infants with increased survival rates because of enhanced care now available, and is experienced in meeting the demands of children who survive with long-term medical complications by offering more subspecialty care as these children age. The applicant states that caring for these children is "resource intensive" and believes that based on its experience in Delaware, it is uniquely qualified to provide this subspecialty care to a growing number of medically complex children throughout their increasing extended life, including those without insurance.

The applicant did not provide evidence that this population is not currently being appropriately treated in existing Class I area hospitals. However, it is noted that the applicant has agreed to condition award of the CON so that care to the medically indigent

is ensured and to funding subspecialty fellowship positions. It has also provided evidence that it will collaborate with UCF's medical school and the Burnham Research Institute which also supports its contention that it is able to address the needs to these medically complex children. It also contends that its electronic medical record (EMR) system is more advanced that other similar systems and enables Nemours to uniquely better serve this population.

The applicant states that Florida needs a hospital like Nemours because of its comprehensive Electronic Medical Record which prevents "gaps" within the continuum of care. With the EMR and the exclusive dedication to pediatric care, Nemours is able to integrate previous treatment and history to improve and expand upon the quality of care rendered and makes it a continuing part of a child's medical care. Nemours is placing emphasis on the development of specialty programs of care that would differentiate it from how a medically complex/chronically ill child would be cared for in a non-Nemours environment. The applicant states that in a non-Nemours setting the child will see their primary care doctor and would be referred to specialists to treat their illness as issues arose. But in a Nemours setting, whatever medical problem is presented will be treated in one location by a pediatric physician and any subsequent consulting/referral those services too will be rendered in that one location. Nemours feels that its Electronic Medical Records will ensure that the medical record of a child seen in Nemours' clinics or previously treated at Nemours will be comprehensively and immediately available to all treating staff; thus, enhancing the breadth and depth of pediatric only care provided and avoiding or reducing unnecessary or duplicitous testing, minimizing the opportunity for adverse drug interactions with ongoing treatment and speeding the delivery of appropriate care.

It is noted that although the applicant is describing all care being rendered in one location, what it appears to actually mean is that all care will be rendered by one system. Nemours clinics that are currently located in Jacksonville, Pensacola and Orlando, will be referring patients to its subspecialty physicians located at the hospital in Orlando. This is not unique. Physicians practicing within other large hospital systems also make referrals within their system. However, what is somewhat unique is the applicant's EMR. The applicant provided a detailed description of the functioning and integrated capabilities of its EMR to illustrate that it has unique advantages over many other electronic record systems. Not only does this system have the capability of tracking a patient though his or her treatment history, it provides, for example, at a glance, up-to-date, information regarding immunization, prescriptions, last visits, lab and imaging reports, and offers doctors the ability to

directly communicate with patients, their parents or a nurse or aide with the patient, remotely. The latest research and resources needed by a physician are also housed within this system. Physicians not part of the Nemours system, but who have referred patients to the Nemours system, can also benefit from this system as they are allowed to track their patients within this EMR. The applicant's EMR system is said to be capable of connecting not only inpatient and outpatient facilities but it will also be integrated into the patient's school and home life. Demonstrations of how the system is designed to work were provided by the applicant.

Market Conditions

The applicant states that it will focus on complex pediatric diseases, which it believes will complement and support the services offered by other pediatric hospitals and units. Current market conditions as described in letters of opposition suggest that there is currently a "bidding war" over pediatric specialist call coverage and that the introduction of a third hospital in the greater Orlando area, for example, will only worsen this situation. Nemours states that because of its national reputation and its intended collaboration with UCF and the Burnham Institute, as described earlier, it expects to attract physicians to the area so that this currently bad situation will be improved. Nemours has agreed to condition award of the CON upon bringing in least 50 full-time equivalent sub-specialist physicians to the area. However, the applicant states that at the time of submission for the previous CON #9953, the Nemours Children's Clinic Orlando employed 55.85 FTE physicians, but that an existing provider in the area strategically began hiring away Nemours' physicians in an effort to weaken the applicant's proposal. The applicant states that its physician staff was reduced to 27.6 FTE at the time of submission of CON #9953, but currently staff is at 20.1 FTE physicians. Therefore, it appears that the applicant has not yet recruited replacements for the positions lost during prior calendar year. Nemours has provided evidence that it, more than Florida Hospital, Orlando Regional Medical Center's Arnold Palmer Hospital and the two existing children's hospitals, has been able to fill a greater number of fellowship pediatric subspecialty training positions. On page 23 of the application, the applicant provides a chart it states is based on 2006-2007 Accreditation Council for Graduate Medical Education (ACGME) specialty designations for pediatric subspecialty training programs that shows the number of subspecialty positions filled nationally and by Nemours, Florida Hospital, Arnold Palmer Hospital, Miami Children's and All Children's. According to information presented in the chart,

nationally, there are 1,062 programs filled with 4,260 residents. Nemours has 14 programs and filled 25 residency positions. Arnold Palmer has one of the subspecialty programs and filed no residency positions. Florida Hospitals has none of the subspecialty programs and filled none of the positions. Miami Children's has five of the programs and filled 18 of the positions. All Children's has four of the programs and filled 12 of the positions. This information could not be verified. Although the ACGME offers information to the public on its website: http://www.acgme.org/acWebsite/home/home.asp, data for subspecialty positions by hospital could not be located. Support documentation was not provided by the applicant.

Whether the addition of a third hospital competing for pediatric medical staff in the greater Orlando area would negatively impact care at any facility cannot be determined in this review. There is evidence suggesting this may be an issue. However, there is also evidence that with Nemours collaboration with UCF and the Burnham Institute, the current difficult situation could be improved, assuming residents remain in the area after obtaining their license to practice. Nemours believes that this facility will attract pediatric sub-specialists where they can practice, teach and research.

The applicant feels that it has positioned itself to impact the health status of children by investing in an integrated model that addresses the needs of the children across the whole continuum, connecting policy and prevention, to the highest levels of specialized care for the most complex pediatric patients. It is noted that Nemours has defined "whole continuum" narrowly to contain the services it proposes. Although many hospitals, particularly those not part of large systems, do not address each part of the continuum of care that Nemours is proposing to address, many address parts of the continuum of care that Nemours is not proposing to address, such as obstetrics. The two Florida Class II children's hospitals do not provide obstetrics.

The applicant states that it is committed to making Central Florida community stronger by working with other local businesses and civic groups. Nemours is a partner of the Orlando Regional Chamber of Commerce Regional Board of Advisors. Nemours has a relationship with Camp Boggy Creek and helps children aged 7-16

with chronic or life threatening illness and their families to participate in therapeutic respite programs. Nemours also has sponsored organizations such as March of Dimes, American Diabetes Association, American Lung Association, Cystic Fibrosis Foundation, and the Central Florida YMCA.

Numeric need for additional beds has not been demonstrated by the applicant. Given historic occupancy levels in existing facilities, the project is likely to impact all or some of these facilities. The applicant has stated that it believes there are no like services in the area and that this project is a unique opportunity for Florida to bring a "top tier" hospital to serve the growing needs of medically complex children. Because of this, it believes any negative impact must be weighed against the benefits it offers. Nemours is accustomed to collaborating with medical schools, as it currently works with Thomas Jefferson University in Delaware and the Mayo Clinic in Florida. However, the applicant believes that locating in the Lake Nona area of Orlando and collaborating with UCF and the Burnham institute will allow it to build a "top tier" facility and offer a level and continuum of care to pediatric patients in the southeast, and particularly to central Florida, that is not currently available. Its EMR system discussed above and as demonstrated to Agency staff and confirmation from both UCF and the Burnham Institute help support the applicant's claims.

2. Agency Rule Criteria

Does the project respond to preferences stated in agency rules?

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

3. Statutory Review Criteria

a. Is need for the project evidenced by the availability, quality of care, efficiency, accessibility and extent of utilization of existing health care facilities and health services in the applicant's service area? ss. 408.035(2), 408.035(7), Florida Statutes.

Nemours is proposing to offer what it considers to be a unique program to initially central Florida and eventually to the southeastern United States. The applicant contends that the proposed project is geographically positioned to be accessible to a large portion of the state.

It expects to initially primarily serve counties surrounding Orange County including Osceola, Seminole, Brevard, Volusia, Indian River, Polk, Sumter and Lake from its Lake Nona location in Orlando. It plans to concentrate services on the growing needs of the medically complex pediatric patient and indicates that because of advances in medicine, this population is living longer and requires focused care from subspecialty pediatric physicians. Pediatric services and programs proposed to be developed at Nemours Orlando Children's Hospital include but are not limited to:

Adolescent Medicine	Critical Care Medicine
Allergy	Neonatology
Anesthesiology	Nephrology
Behavioral Pediatrics	Neurological Surgery
Cardiac & Thoracic Surgery	Neurology
Cardiology	Nuclear Medicine
Child Psychiatry	Ophthalmology
Dentistry	Orthopedic Surgery
Dermatology	Sports Medicine
Emergency Medicine	Otolaryngology
Endocrinology	Pathology
Gastroenterology	Physical Medicine & Rehab
General Pediatrics	Plastic Surgery
Genetics	Psychology
Hematology/Oncology	Pulmonology
Hospitalist Program	Radiology
Immunology	Rheumatology
Infectious Diseases	Pediatric General Surgery
	Urology

It is noted that the applicant is proposing to establish an 82-bed acute care children's hospital, a five-bed Level II neonatal intensive care unit and an eight-bed Level III neonatal intensive care unit. In its listing above, it has also included child psychiatry services which can be added to an existing acute care hospital outside of CON review under certain conditions. However, listed among the services that cannot be initially offered at the hospital without additional CON review are rehabilitation and cardiac surgery.

The applicant has agreed to meet ten conditions should the CON be awarded including the following eight:

- Providing at least 54 percent of the 82-bed hospital's total patient days to Medicaid/Medicaid HMO or patients qualifying for charity care.
- Subsidizing any shortfalls in revenues over expenses incurred at Nemours' Orlando Children's Hospital.

- Adding at least 50 full-time equivalent sub-specialist physicians on the campus of Nemours' Orlando Children's Hospital within five years of opening.
- Providing a clinical program to transport patients in need of specialized services from other hospitals and emergency rooms in Florida to Nemours' Orlando Children's Hospital.
- Funding seven different sub-specialty fellowship positions through the appropriate processes with graduate medical educational organizations.
- Providing a minimum of three million dollars annually to clinical outcomes/clinical research.
- Creating dedicated space on the campus for research integrated with the hospital. Clinical research will be based near the point of care, across the continuum. Nemours physicians will participate in leading research programs as a result of approval of the Nemours Orlando Children's Hospital
- Creating an advisory board with child advocacy organizations in Florida to identify patient populations for whom special programs and facilities will be offered. This advisory board will be convened no later than the first year of operation of Nemours Orlando Hospital.

It has also provided evidence that UCF and the Burnham Institute are interested in collaborating with Nemours in the areas of research, education, and teaching. Nemours has agreed to condition award of the CON upon locating in the Lake Nona area of Orlando where both UCF and the Burnham Institute are locating. It believes this will offer opportunities that will attract pediatric sub-specialists to the area as well as improve the quality of care.

The applicant also proposes that the Nemours health care system, with the addition of the children's hospital at its hub, will create a top tier pediatric system not otherwise available within Florida. The applicant believes that locating in the Lake Nona area of Orlando and collaborating with UCF and the Burnham institute will allow it to build a "top tier" facility and offer a level and continuum of care to pediatric patients in the southeast, and particularly to central Florida, that is not currently available. Its EMR system discussed above and as demonstrated to Agency staff and confirmation from both UCF and the Burnham Institute help support the applicant's claims.

Regarding the project's potential impact on financial access, as shown above, the applicant has agreed to provide 54 percent of its patient days in the 82-bed hospital to the medically indigent patients. It has also

agreed to transport patients in need to specialized services from other hospital and emergency rooms in Florida to its Orlando facility. Although parameters were not set for this condition, on its face, Nemours would provide transport for any child needing specialized services in Florida admitted to another hospital or presenting at another hospital emergency room to its Orlando facility. Pediatric (17 and under) patient days by payer category for hospitals with NICU units in District 7 are shown in the table below for CY 2005:

District 7 Acute Care Hospital Percent Pediatric Patient Days by Payer Category CY 2005

Facility	Medicaid/ Medicaid HMO	Charity	Total
Arnold Palmer Hospital	53.87%	1.57%	55.44%
Florida Hospital	47.69%	3.01%	50.70%
Holmes Regional Medical	41.97%	1.86%	43.83%
Osceola Regional Medical	48.38%	1.59%	49.97%
Winter Park Memorial Hospital	38.94%	5.64%	44.58%
Wuesthoff Medical-Rockledge	51.98%	0.00%	51.98%

Source: Florida Center for Health Information and Policy Analysis (FCHIPA), formerly the State Center for Health Statistics.

The applicant's proposed condition of 54 percent combined Medicaid, Medicaid HMO and charity care is approximately equal to the provision by facilities in District 7 that currently operate an NICU unit. A provision of 54 percent combined Medicaid and charity care by the proposed facility would place the proposed facility just below Arnold Palmer Hospital in terms of total Medicaid and charity provisions. Therefore, it appears that approval of the proposed project would increase access for some Medicaid and charity patients in this area. Additionally, the condition to transport any patient needing subspecialty care to its hospital is also likely to improve services to the medically indigent in Florida.

The following table indicates the Medicaid/Medicaid HMO and charity provisions for patients 17 and under for the existing Class II children's hospitals in Florida:

Percent Pediatric Patient Days by Payer Category for Calendar Year 2005

Facility	Medicaid/ Medicaid HMO	Charity	Total
All Children's Hospital	51.07%	0.99%	52.06%
Miami Children's Hospital	50.54%	0.00%	50.54%

Source: Florida Center for Health Information and Policy Analysis (FCHIPA), formerly the State Center for Health Statistics.

The condition proposed by the applicant is slightly higher than the provisions of existing Class II hospitals in the state another indication that access to the medically indigent will be improved in Florida.

Regarding the project's potential impact on programmatic access, the applicant states that no like or similar services are available in the proposed service area, and that all of the existing pediatric providers are part of larger adult systems that lack a singular focus on children. The applicant states that the greatest difference between the care Nemours would provide with the proposed project and the care currently provided by existing facilities in the area is in the systemic approach, or continuity of care, that would be implemented by the concentration of children's services at one site. The applicant provides discussion on the efficiency of integrating services at one site and notes that quality improvement would result from the project, since transfer to another facility would not be required and the patient's information would be accessible in each department of the facility through the Electronic Medical Record (EMR) system. While proposing EMR systems for new hospitals is effectively standard and EMRs are no longer considered an innovation in a new hospital facility, the applicant contends its system would be superior to the systems currently employed in the service area because the patient would be connected to the Nemours health care system while at home and in the school setting. Demonstrations of Nemours EMR to Agency staff provided evidence that this system offers a more integrated approach to care than most EMR systems. The system also allows physicians not on staff at Nemours to track their patients within the system. Remote monitoring from clinics and homes is possible and is instant access to lab results, for example, and immunizations and prescription records. While some hospitals and physician offices offer advanced electronic patient record and tracking systems, Nemours has demonstrated that its integrated EMR has superior features and has been time tested.

As noted above, the applicant proposes to offer specialty services aimed at the most complex health care needs of infants, children and adolescents and has agreed to condition award of the CON to providing care regardless of the financial status of the patient by agreeing to subsidize any shortfalls in revenues over expenses incurred at the hospital. This is a narrowly defined patient population and as such it is difficult to discern the number of children in central Florida or anywhere in the state who have needed this level of subspecialty care in recent years. Therefore, the applicant's need projections or assessments of impact on existing providers cannot be adequately analyzed or determined reasonable.

The applicant has not demonstrated that this hospital is needed because of access issues or future bed availability. Further, the project will impact existing providers.

However, quality of care could be improved with the EMR system and Nemours' collaboration with UCF and the Burnham Institute. Access to the medically indigent population will be enhanced through several of the conditions the applicant has agreed if the CON is granted.

Nemours Orlando Children's Hospital is in a unique position, because of the financial resources available to it, to make care available to any infant, child or adolescent that needs the care. The applicant has agreed to transport any child needing the specialized care it proposes to this Orlando facility. It is not proposing to serve all pediatric patients in central Florida, but rather the most seriously ill, medically complex children.

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

The applicant does not own or operate any hospitals in Florida.

The applicant discusses its conformity with JCAHO standards and states that it was a key developer of the National Pediatric Quality System adopted by JCAHO to identify standardized performance measures for pediatric acute care settings, as other widely accepted performance measures are focused on adults and are stated to be not applicable to health care for children. Quality points itemized by the applicant include an integrated electronic health record, remote home monitoring, which allows access to and from a provider from outside the facility, a "Simulation Laboratory" to assist providers with procedural and cognitive skills, as well as the utilization of kidshealth.org as a teaching tool for patients and parents.

The applicant provides much discussion throughout the application on the importance of 'best practices' and evidence based medicine, as well as its plans to establish the proposed facility as a 'top tier' children's hospital. The applicant provided a list of safety initiatives that it states are not available through any providers in District 7 and are hallmarks of the type of provisions Nemours will bring to the service area:

- Pedi-QS - The Pedi-QS is the national Pediatric Quality System adopted by the JCAHO as a prototype to improve care for children in a measurable way. Appendix M provides a copy of a letter from JCAHO

documenting Nemours participation in the development of the Pedi-QS. Nemours is collaborating with other national organizations in utilizing this approach with asthma, medication safety, attention deficit disorder and cystic fibrosis.

- Nemours Clinical Management Program (NCMP) – The NCMP program integrates clinical information from various sources into a system of computerized data, so teams of physicians, clinicians, and information scientist can identify and then promulgate practices that achieve superior outcomes. This process transforms data into knowledge with goal of improving quality of care for all children.
- Nemours Biomedical Research – The mission of Nemours Biomedical Research is to improve the health of children through translational research programs that move discoveries rapidly from the lab to bedside and then to practice and community.
- Electronic Medical Record – The implementation of the Electronic Medical Record provides another avenue to achieving both clinical quality and safety. Nemours is at stage 4.5 in the ambulatory arena and 3.5 for inpatients at its current hospital, which far exceeds most pediatric hospitals. Nemours commitment to patient safety and the investment in technology, staffing, and training have produced safety synergies that put Nemours in the forefront of this area.

The applicant also provides the proposed Quality and Safety Plan for the project[7].

It is again noted that the applicant has indicated that this project would provide a "top tier" children's hospital to Floridians. Should the project be approved, a "top tier" children's hospital would be the expectation of this state.

Available evidence indicates the applicant has the ability to provide quality care.

[7] Quality and Safety plan is provided in CON #9979 Appendix 9.

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 The Nemours Foundation for the periods ending December 31, 2004 and 2005 were analyzed for the purpose of evaluating the applicant's ability to provide the operational funding, development, and start-up costs necessary to implement the project as proposed.

The Nemours Foundation was formed in 1936 pursuant to the last will and testament of Alfred I. duPont for the primary purpose of providing for the care and treatment of crippled children, but not of the incurables, and for the care of the elderly, particularly couples. Nemours operates a children's hospital and specialty clinic in Delaware and three specialty children's clinics in Florida.

Short-Term Position:
The applicant's current ratio of 2.2 is slightly above average and indicates current assets are over two times current liabilities, an adequate position. The ratio of cash flows to current liabilities of 0.6 is slightly below average, an adequate position. The working capital (current assets less current liabilities) of $132.1 million is a measure of excess liquidity that could be used to fund capital projects. Overall, the applicant has an adequate short-term position. (See Table).

THE NEMOURS FOUNDATION		
	12/31/2005	**12/31/2006**
Current Assets	$242,200,639	$219,340,010
Cash and Current Investment	$119,348,401	$96,033,336
Temporarily Restricted Net Assets	$413,878,196	$387,754,996
Total Assets	$1,113,073,951	$953,430,456
Current Liabilities	$110,097,266	$104,834,493
Total Liabilities	$282,629,217	$171,413,633
Net Assets	$830,444,734	$782,016,823
Total Revenues	$546,371,671	$495,876,842
Interest Expense	$540,638	$0
Excess of Revenues Over Expenses	$23,047,851	$30,135,298
Cash Flow from Operations	$68,901,565	$40,646,864
Working Capital	$132,103,373	$114,505,517

FINANCIAL RATIOS		
	12/31/2005	**12/31/2006**
Current Ratio (CA/CL)	2.2	2.1
Cash Flow to Current Liabilities (CFO/CL)	0.6	0.4
Long-Term Debt to Net Assets (TL-CL/NA)	0.2	0.1
Times Interest Earned (NPO+Int/Int)	43.6	-
Net Assets to Total Assets (TE/TA)	74.6%	82.0%
Operating Margin (ER/TR)	4.2%	6.1%
Return on Assets (ER/TA)	2.1%	3.2%
Operating Cash Flow to Assets (CFO/TA)	6.2%	4.3%

Long-Term Position:
The ratio of long-term debt to net equity of 0.2 indicates long-term debt is only 20 percent of equity. This is well below average and increases the likelihood that the applicant could acquire additional debt if needed, a good position. Long-term debt consists of reserves for professional and patient care liabilities and $91.5 million in bond funds for construction projects. Nemours uses a self insurance trust fund to insure for possible professional and patient care losses. The ratio of cash flow to assets of 6.2 percent is below average, but an acceptable position. The most recent year had operating income of $23.0 million, which results in an operating margin of 4.2 percent. Overall the applicant has a good long-term position. It should be noted that the applicant is entitled to substantially all of the income earned by the Alfred I. duPont Testamentary Trust (Trust) for use in the performance of its activities. During 2004 and 2005, the applicant received total distributions from

the Trust totaling $111.7 million and $96.4 million respectively. These distributions were recognized as revenue and other support in the audited financial statements. (See above Table).

Capital Requirements:
Schedule 2 indicates the applicant has capital projects and current maturities of long-term debt totaling $446.0 million. This includes the project cost for CON #9978 of $3.9 million, CON #9979 of $266.8 million, and CON #9980 of $6.3 million. In addition, the applicant is projecting a combined year one and two operating loss of $28.8 million for these projects. The applicant would have to fund this operating loss in addition to the capital projects listed on Schedule 2.

Available Capital:
Funding for this project will be come from cash on hand ($132.0 million) and proceeds from tax-exempt bonds revenue bonds ($134.9 million). The audited financial statements of the applicant for the most recent year show a cash and current investment balance of $119.3 million and $132.1 million in working capital with a current ratio of 2.2. The audit also indicated that operating cash flow was $68.9 million with operating income of $23.0 million with a margin of 4.2 percent. The applicant provided a letter from Bank of America Securities (BAS) which stated that BAS believes that the applicant will be able to obtain all necessary approval for the debt financing portion of the project and that the bond issue would not require a debt service reserve fund based on the applicant's credit rating and proposed structure of the bonds.

Staffing:
Schedule 6A of the CON application does not provide an itemized staff breakdown as indicated in that schedule's format, but instead provides an FTE itemization by facility department. For the hospital project by the end of year one 2012 department FTE's are as follows: Patient services 54.1 FTE, PICU 21.5 FTE, therapy services 8.5 FTE, medical supplies 5.5 FTE, radiology 20.0 FTE, laboratory 17.3 FTE, pharmacy 11.0 FTE, respiratory services 8.0 FTE, other ancillary 8.0 FTE, emergency 23.4 FTE, surgical services 20.4 FTE, ambulance services 4.7 FTE, housekeeping by contract, plant operations 9.9, hospital administration 6.0 FTE, medical director 1.5 FTE, nursing administration/education 8.7 FTE, dietary services by contract, social services 5.3 FTE, security and protection by contract, general accounting 5.0 FTE, patient accounting/admitting 9.3 FTE, data purchasing 2.0 FTE, medical records services 8.1 FTE, medical staff services 1.5 FTE, cafeteria by contract, laundry and linen by contract, medical care review 2.7 FTE and other operation 12.8 FTE.

The applicant states that it offers a generous benefits program, fully paid malpractice insurance, 10 days per year of continuing education, annual funding of $3,500 per physician per year for professional dues and memberships, with travel expenses paid to continuing educational programs and/or research presentations. The applicant also offers 26 paid vacation days per year, nine paid sick days, seven paid holidays, in addition to the 10 continuing education days mentioned above, health insurance that is approximately 80 percent paid for by Nemours for both the employee and spouse, Blue Cross PPO benefits and provider network that is free in-network for dependent children age 19 and younger, a generous retirement plan that is fully paid by Nemours, job placement services for family members and relocation support including payment by Nemours for movement of household goods and relocation of the employee and his/her family.

Retention efforts are described to include the following: sign on bonus program; employee referral bonus program; relocation assistance for those relocating to the greater Orlando area; premium pay for hard to fill subspecialty positions; compensation for certification attained by nurses and nursing managers; educational financial assistance to pursue higher level nursing degrees; and, internships for nursing subspecialty practice and research.

Conclusion:
Funding for CON numbers 9978, 9979 and 9980 including all associated working capital should be available as needed.

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

A comparison of the applicant's estimates to the control group values provides for an objective evaluation of financial feasibility, (the likelihood that the services can be provided under the parameters and conditions contained in Schedules 7 and 8), and efficiency, (the degree of economies achievable through the skill and management of the applicant). In general, projections that approximate the median are the most desirable, and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible, because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the lowest in the group, it is less likely that the project is feasible, because a much higher level of economies must be realized to achieve the desired outcome. These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go beyond the relevant range of outcomes, revenues and expenses may,

either goes beyond what the market will tolerate, or may decrease to levels where activities are no longer sustainable.

The applicant provided four sets of schedules regarding CON Numbers 9978, 9979, and 9980. The schedules included a children's hospital without a Level II and Level III NICU, Level II NICU only, Level III NICU only, (component schedules) and a children's hospital with a Level II and III NICU (combined schedule). In reviewing the component schedules, it was discovered that the sum of the components did not equal the combined schedules projections for patient days, revenues, and expenses. There are possible explanations or rationales for the sum of the components not equaling the combined projections; however, this information was not included in the notes to the projections. The notes tend to focus on the combined schedules. The difference in patient days, total revenues, and total cost were not material (less than one percent); however, the combined profit level is approximately 9.6 percent greater than the sum of the component schedules. Without an explanation, it has been assumed that profitability is overstated by approximately 9.6 percent.

Gross revenues, net revenues, and costs were obtained from Schedules 7 and 8 in the financial portion of the application and were compared to the control group as a calculated amount per adjusted patient day.

Analysis of Class II Acute Care Hospital (CON #9979)

This applicant is applying to construct and operate a children's hospital. As such, the separate applications for the Level II and Level III NICU units would be integral in meeting the applicant's stated goal of providing comprehensive specialty services aimed at the most complex health needs of infants, children, and adolescence. Therefore, discussion is focused on the anticipated combined operating results of the three CON applications. The financial projections of the hospital were reviewed without the Level II and Level III NICU units.

As a children's hospital, the applicant was compared to the hospitals in the Specialty Hospital Peer Group (Group 14). This group includes two other freestanding children's hospitals. Per diem rates are projected to increase by an average of 3.7 percent per year. Inflation adjustments were based on the new CMS Market Basket, 1st Quarter, 2007.

Projected net revenue per adjusted patient day (NRAPD) of $2,960 in year one and $3,068 in year two is between the control group median and highest values of $3,334 and $4,186 in year one and $3,437 and $4,316 in year two. With net revenues falling between the control group median and highest values, the facility is expected to consume health care resources in proportion to the services provided. (See Table below). The

projected NRAPD for the hospital without the Level II and Level III NICU beds was not materially different and also fell between the control group median and highest values.

The applicant proposed a condition of 54 percent of its patient days will be provided to Medicaid, Medicaid HMO, and charity/indigent patients. The proposed condition is consistent with the level of Medicaid, Medicaid HMO, and charity patient days for the two children's hospitals in the control group.

Anticipated cost per adjusted patient day (CAPD) of $3,797 in year one and $3,513 in year two is between the group median and highest values of $3,165 and $3,829 in year one and $3,263 and $3,948 in year two. The highest level is generally viewed as the practical upper limit on efficiency. With anticipated cost between the median and highest value in the control group, the year two costs appear reasonable. (See Table below). The applicant is projecting a decrease in CAPD between year one and year two of approximately 7.5 percent. It should be noted that this application is for a new 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 anticipated CAPD without the Level II and Level III NICU is actually higher by three percent in year one and four percent in year two. This result is not intuitive and may be the result of understating combined CAPD which would increase combined profitability as discussed above.

The year two projected operating loss is $11.5 million, which computes to an operating margin per adjusted patient day of a negative $445. This is below the lowest value of a positive $55. Peer group 14 data is derived from mature hospitals; this application is for a new acute care hospital and economies of scale will be realized as the projected occupancy rate increases. Further, the applicant has projected a condition that, if approved, would result in lower payments from Medicaid thus decreasing revenues. The applicant has assumed the lower Medicaid rate in its projected net revenues. The applicant indicated that the Nemours Foundation will fund the losses and that the proposed projects will be self sustaining in the fifth year of operations. Without the Level II and Level III NICU beds the applicant is projecting a year two operating loss of $13.9 million or a negative $611 per adjusted patient day.

THE NEMOURS FOUNDATION **CON # 9978, 9979, and 9980** **2005 DATA Peer Group 14**	Jun-13 YEAR 2 ACTIVITY	YEAR 2 ACTIVITY PER DAY	VALUES ADJUSTED FOR INFLATION Highest	 Median	 Lowest
ROUTINE SERVICES	64,100,531	2,487	1,599	204	44
INPATIENT AMBULATORY	1,776,099	69	107	15	0
INPATIENT SURGERY	4,982,268	193	0	0	0
INPATIENT ANCILLARY SERVICES	90,857,487	3,524	5,048	1,626	176
OUTPATIENT SERVICES	61,232,587	2,375	9,669	3,353	2,244
TOTAL PATIENT SERVICES REV.	222,948,972	8,648	9,923	9,442	5,130
OTHER OPERATING REVENUE	0	0	269	159	13
TOTAL REVENUE	222,948,972	8,648	10,156	9,489	5,143
DEDUCTIONS FROM REVENUE	143,870,375	5,581	0	0	0
NET REVENUES	79,078,597	3,068	4,316	3,437	2,041
EXPENSES					
ROUTINE	15,360,723	596	661	169	112
ANCILLARY	23,706,822	920	1,248	985	752
AMBULATORY	3,189,798	124	0	0	0
TOTAL PATIENT CARE COST	42,257,343	1,639	0	0	0
ADMIN. AND OVERHEAD	24,882,599	965	0	0	0
PROPERTY	23,413,230	908	0	0	0
TOTAL OVERHEAD EXPENSE	48,295,829	1,873	2,093	1,621	905
OTHER OPERATING EXPENSE	0	0	0	0	0
TOTAL EXPENSES	90,553,172	3,513	3,948	3,263	1,931
OPERATING INCOME	-11,474,575	-445	234	141	55
		-14.5%			
PATIENT DAYS	18,699				
ADJUSTED PATIENT DAYS	25,779				
TOTAL BED DAYS AVAILABLE	34,675		VALUES NOT ADJUSTED FOR INFLATION		
ADJ. FACTOR	0.7254				
TOTAL NUMBER OF BEDS	95		Highest	Median	Lowest
PERCENT OCCUPANCY	53.93%		77.0%	67.6%	2.0%
PAYER TYPE	PATIENT DAYS	% TOTAL			
SELF PAY	1,275	6.8%			
MEDICAID	6,231	33.3%	49.5%	7.9%	2.7%
MEDICAID HMO	3,412	18.2%			
MEDICARE	0	0.0%	38.1%	29.9%	0.4%
MEDICARE HMO	0	0.0%			
INSURANCE	879	4.7%			
HMO/PPO	6,543	35.0%	51.5%	45.3%	30.6%
OTHER	359	1.9%			
TOTAL	18,699	100%			

The immediate feasibility of this project is dependant on the applicant funding the projected operating losses. Even with the apparent overstatement of profitability, it appears that the applicant has the financial resources to fund the operating losses. This is a non-traditional applicant in that it exists solely as a result of the last will and testament of Alfred I. duPont to provide the types of services outlined in this application. The applicant receives sizable funding from annual distributions by the Alfred I. duPont Testamentary Trust (Trust). These distributions supplement non-profitable operations in order to meet the primary purpose of the Nemours Foundation. Since this project appears to be in-line with the primary purpose of the applicant, funding from the Trust should be available to fund future operating losses as needed.

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 generally driven by the best combination of high quality and fair price.

The applicant has indicated that, if approved, it will be the only provider in the market that targets rare and complex pediatric illnesses and would become a regional referral center for such cases. This would suggest that the applicant is unique and would fit a niche in the market that does not exist. As such, the applicant would not initially compete directly for the same patients as the majority providers in the service area (Arnold Palmer Hospital and Florida Hospital Orlando).

Price-Based Competition:
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. The applicant is projecting that approximately 53.2 percent of its patient days are expected to come from managed care organizations. This level of managed care approximates the highest value in the control group of 51.5 percent.

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

The application is for a new 95-bed acute care hospital dedicated to children's health care. This will be a new facility located in Orlando. Previous CON submission for this project indicated the facility would be built on a 28-acre planned development along Vineland Road in Orange

County. The plans presented with this application are significantly different from previous submittals and as noted at the beginning of this review, the applicant plans to locate at Lake Nona.

The applicant proposes to construct a new 95-bed acute care hospital consisting of 398,091 GSF. The central energy plant is planned to be detached from the hospital and located adjacent to the staff parking garage. The hospital will be connected to a children's outpatient clinic and share a common lobby. The clinic and hospital will be separated by a dramatic seven story atrium.

The room complement will be made up of all private rooms and have a bed configuration of 72 medical/surgical beds, 10 PICU beds, five Level II NICU beds and eight Level III NICU beds. The NICU and PICU rooms are located on the fourth floor, vertically above the surgical suite, which is located on the second floor. The top occupiable floor will be left empty for future expansion. The intent to provide at least 10 percent of the bedrooms to be handicapped accessible has been clearly indicated for the medical/surgical beds.

This is an eight-story building with a basement. The patient tower comprises the top four floors of the facility. The application notes the facilities intent to meet Leadership in Energy and Environmental Design standards.

The plans as submitted do not indicate a scale as required by the architectural criteria for CON submissions. It can not be determined if the dimension critical requirements have been met based of this submission.

The functions of the proposed hospital are to be located in this eight-story facility of non-combustible construction that will be fully sprinklered and are defined as follows:

- Basement Level – The basement level contains some clinical support spaces such as the laboratory, bulk storage and pharmacy. Materials management is in a separated building with the central energy plant.

This building is connected to the hospital by a service tunnel and it is assumed that the major utilities serving this building will be brought through this tunnel too. The IT function of the facility and the food preparation area are also located in this basement. The food preparation area including kitchen, receiving, storage and dietary offices serves the dining area located on the third floor. Two service elevators are provided to transport food and staff from the basement level kitchen to the dinning room and patient rooms.

- There are three central public elevators that will serve floors one through eight and three staff and two patient/staff elevators.

- First floor – The first floor contains a multi-story main entrance lobby, and covered drop-off area. Located on the opposite side of the facility is the ambulance and pedestrian entry to the emergency department so these functions are clearly separated. There is a waiting area for the emergency department and several trauma rooms. The emergency department is also located adjacent to the radiological department for fast and convenient access. There is also a gift shop and a Kids' Health Exploratorium adjacent to the main lobby.

- Second Floor – The second floor contains the operating rooms, pre-op, recovery and surgical and recovery support spaces. There is a bridge at this level which leads to the staff parking garage. Another bridge on this floor and all floors above connects the hospital to the outpatient.

- Third Floor – The third floor contains the therapy department, dining areas, business and support spaces.

- Fourth Floor – The fourth floor is reduced in size from the Neonatal and pediatric intensive care units. The two units share a central medication room, nourishment room and equipment storage room. Other required functional spaces are provided separately within the units.

- Fifth through Seventh Floors – The upper floors contain a 24-bed horseshoe shaped medical/surgical nursing unit. The support space for the units is centrally located well designed.

- Eighth floor - This will be built as shell space for future expansion

The applicant states the construction will conform to all current applicable building codes, including the National Fire Protection Association codes and the requirements of the Florida Building Code.

The construction cost per square foot and per patient bed continue to higher than other applicants recently reviewed and may have to do with the construction of a parking structure and the remote central energy plant. Another factor may be the facilities plan for LEED (Leadership in Energy and Environmental Design) certification, which often results in higher initial costs. These higher costs are offset by reduced lifecycle costs, which usually lead to an overall savings over the life of the building.

The plans submitted with this application were very schematic in detail with the expectation that they will necessarily be revised and refined during the design development (preliminary) and contract document stages. The design is well done and creates a very dramatic entrance with the long atrium dividing the hospital and clinical spaces. Unfortunately compliance with some basic requirements can not be determined due to the lack of scaled drawing. 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.

Nemours does not currently operate any hospitals in Florida. The applicant's estimates of utilization by payer class are contained in Schedule 7A for the hospital project, excluding the associated NICU projections:

Payer Mix Projections for Year 2 of Proposed Hospital

Payer	Percent of Total
Medicaid	32%
Medicaid HMO	20%
Self Pay	7%
All Commercial Insurance	5%
Other Managed Care	34%
Other Payers	2%

Source: CON Application 9979, Schedule 7A.

Pediatric (17 and under) patient days by payer category for hospitals with NICU units in District 7 are shown in the table below for CY 2005.

District 7 Acute Care Hospital Percent Pediatric Patient Days by Payer Category Calendar Year 2005

Facility	Medicaid/ Medicaid HMO	Charity	Total
Arnold Palmer Hospital	53.87%	1.57%	55.44%
Florida Hospital	47.69%	3.01%	50.70%
Holmes Regional Medical	41.97%	1.86%	43.83%
Osceola Regional Medical	48.38%	1.59%	49.97%
Winter Park Memorial Hospital	38.94%	5.64%	44.58%
Wuesthoff Medical-Rockledge	51.98%	0.00%	51.98%

Source: Florida Center for Health Information and Policy Analysis (FCHIPA), formerly the State Center for Health Statistics.

The applicant's proposed payer mix for Medicaid, Medicaid HMO and charity care is approximately equal to the provision by facilities in District 7 that currently operate a NICU unit. The applicant's proposed condition of 54 percent combined Medicaid and charity care would place the proposed facility just under Arnold Palmer Hospital in terms of total Medicaid and charity provisions.

The following table indicates the Medicaid/Medicaid HMO and charity provisions for patients 17 and under for the existing Class II children's hospitals in Florida[8]:

Percent Pediatric Patient Days by Payer Category for Calendar Year 2005

Facility	Medicaid/ Medicaid HMO	Charity	Total
All Children's Hospital	51.07%	0.99%	52.06%
Miami Children's Hospital	50.54%	0.00%	50.54%

Source: Florida Center for Health Information and Policy Analysis (FCHIPA), formerly the State Center for Health Statistics.

As seen in the table above, the condition proposed by the applicant is slightly higher than the provisions of existing Class II hospitals in the state.

The applicant has additionally conditioned approval of the project to limiting the annual amounts it collects from the Medicaid program for hospital-based inpatient services in each fiscal year to the lesser of either the inpatient per diem rate that would be assigned to its hospital by the Florida Medicaid program, or the average of the Medicaid assigned rates to All Children's Hospital and Miami Children's Hospital. The applicant proposes a similar condition with regards to hospital-based outpatient services. Medicaid assigns individual inpatient per diem rates to each hospital, and as such, the proposed facility, if approved, would have a Medicaid assigned per diem rate independent of the rates for All Children's Hospital and Miami Children's Hospital and an exception would need to be made for this condition to be met.

[8] Shriner's Hospital, the third Class II hospital in Florida, does not report this information to AHCA.

The applicant includes a copy of its financial assistance program in appendix O of volume II of the CON application, and states that it provides access to pediatric patients regardless of their financial status. The applicant states that it has historically subsidized shortfalls in operations of its clinics to ensure the physicians and services would remain available, and that since 1980 these subsidies have totaled $561 million, with $147 million of this dedicated to the Orlando clinic.

F. SUMMARY

The Nemours Foundation (CON #9979) is applying to establish an 82-bed class II children's hospital in District 7, Subdistrict 2. The applicant currently operates a children's hospital in Wilmington, Delaware and four major children's specialty outpatient centers. One of the outpatient centers is located in Wilmington, Delaware, and the other three are in the Florida cities of Jacksonville, Orlando and Pensacola. The applicant has submitted two additional applications for this batch to develop a five-bed Level II NICU (CON #9978) and an eight-bed Level III NICU (CON #9980) all at the same proposed location.

Conditions agreed to by the applicant should the CON be awarded are listed below:

- Locate Nemours Orlando Children's Hospital in the Lake Nona area of Orange County. The site will be in ZIP code 32824 or 32827.

- At least 54 percent of the 82-bed
- [9] hospital's total patient days will be provided to Medicaid/Medicaid HMO or patients qualifying for charity care.

- Limit the amount of reimbursement it receives from the Medicaid program for services it provides to Medicaid recipients. Nemours agrees to accept Medicaid (non-HMO) reimbursement for patients based on the average of the two existing Class II children's hospitals in Florida - All Children's Hospital and Miami Children's Hospital. It is noted that if approved, the applicant would be building a new facility and therefore entitled to a higher Medicaid reimbursement rate than that of All Children's and Miami Children's. The applicant notes that: "Essentially this means that Nemours, as a specialized children's hospital is willing to accept substantially less reimbursement than it would otherwise be entitled to under the existing Medicaid

[9] Because the applicant has clearly stated on Schedule C that it intends "this application" to be condition as listed, the applicant is noting that it will provide 54 percent of its patient days to the medically indigent in the 82-bed facility.

reimbursement guidelines as contained in the current *Florida Title XIX Inpatient Hospital Reimbursement Plan*, Version XXIX with an effective date of July 1, 2005."

- Nemours will subsidize any shortfalls in revenues over expenses incurred at Nemours Orlando Children's Hospital.

- At least 50 full-time equivalent sub-specialist physicians will be added on the campus of Nemours' Orlando Children's Hospital within five years of opening.

- Provide a clinical program to transport patients in need of specialized services from other hospitals and emergency rooms in Florida to Nemours Orlando Children's Hospital.

- Fund seven different sub-specialty fellowship positions through the appropriate processes with graduate medical educational organizations.

- Provide a minimum of three million dollars annually to clinical outcomes/clinical research.

- Create dedicated space on the campus for research integrated with the hospital. Clinical research will be based near the point of care, across the continuum. Nemours physicians will participate in leading research programs as a result of approval of the Nemours Orlando Children's Hospital.

- Create an advisory board with child advocacy organizations in Florida to identify patient populations for whom special programs and facilities will be offered. This advisory board will be convened no later than the first year of operation of Nemours Orlando Hospital.

The total project cost is estimated at $266,848,451 and involves 384,060 gross square feet (GSF) of new construction.

Need:

The applicant proposes to offer specialty services aimed at the most complex health care needs of infants, children and adolescents and has agreed to condition award of the CON to

providing care regardless of the financial status of the patient by agreeing to subsidize any shortfalls in revenues over expenses incurred at the hospital. This is a narrowly defined patient population and as such it is difficult to discern the actual number of children in central Florida or anywhere in the state who have needed this level of subspecialty care in recent years.

The applicant has not demonstrated that this hospital is needed because of current access issues or future bed availability; the project will likely impact existing providers. However, quality of care may be improved with the EMR system and Nemours' collaboration with UCF and the Burnham Institute. Access to the medically indigent population will be enhanced through several of the conditions the applicant has agreed if the CON is granted.

Nemours Orlando Children's Hospital is in a unique position, because of the financial resources available to it, to make care available to any infant, child or adolescent that needs the care. The applicant has agreed to transport any child needing care to this Orlando facility. It is not proposing to serve all pediatric patients in central Florida, but rather the most seriously ill, medically complex children.

Quality of Care:

The applicant does not own or operate any hospitals in Florida.

Quality points itemized by the applicant include an integrated electronic health record, remote home monitoring, a simulation laboratory for providers and the utilization of a teaching website. Available evidence indicates the applicant has the ability to provide quality care. The applicant is also JCAHO compliant.

Medicaid/Charity Care:

The applicant's proposed payer mix for Medicaid, Medicaid HMO and charity care is slightly higher than the provision by facilities in District 7 that currently operate a NICU unit (except Arnold Palmer Hospital), as well as the provisions of existing Class II hospitals in the state. The applicant's proposal is likely to offer increased financial access for Medicaid and charity patients.

Financial/Cost:

Funding is likely to be available as needed.

The immediate feasibility of this project is dependant on the applicant funding the projected operating losses. This is a non-traditional applicant in that it exists solely as a result of the last will and testament of Alfred I. duPont to provide the types of services outlined in this application. The applicant receives sizable funding from annual distributions by the Alfred I. duPont Testamentary Trust (Trust). These distributions supplement non-profitable operations in order to meet the primary purpose of the Nemours Foundation. Since this project appears to be in-line with the primary purpose of the applicant, funding from the Trust should be available to fund future operating losses as needed.

Architectural:

The applicant proposes to construct a new 95-bed acute care hospital consisting of 398,091 GSF; this proposal is for 82 acute care beds (two other proposals have been submitted for neonatal beds). The central energy plant is planned to be detached from the hospital and located adjacent to the staff parking garage. The hospital will be connected to a children's outpatient clinic and share a common lobby. The clinic and hospital will be separated by a dramatic seven story atrium.

The room complement will be made up of all private rooms and have a bed configuration of 72 medical/surgical beds, 10 PICU beds, five Level II NICU beds and eight Level III NICU beds. The NICU and PICU rooms are located on the fourth floor, vertically above the surgical suite, which is located on the second floor. The top floor, which is capable of being occupied, will be left empty for future expansion. The intent to provide at least 10 percent of the bedrooms to be handicapped accessible has been clearly indicated for the medical/surgical beds.

The construction cost per square foot and per patient bed continue to higher than other applicants recently reviewed and may have to do with the construction of a parking structure and the remote central energy plant. Another factor may be the facilities plan for LEED (Leadership in Energy and Environmental Design) certification, which often results in higher initial costs. These higher costs are offset by reduced lifecycle costs, which usually lead to an overall savings over the life of the building.

The design is well done and creates a very dramatic entrance with the long atrium dividing the hospital and clinical spaces.

G. RECOMMENDATION

Approve CON #9979 to establish an 82-bed Class II Children's Hospital in the Lake Nona area of Orange County. The total project cost is $266,848,451 and involves 384,060 gross square feet (GSF) of new construction.

CONDITIONS:

1. Locate Nemours Orlando Children's Hospital in the Lake Nona area of Orange County. The site will be in ZIP code 32824 or 32827.

2. At least 54 percent of the 82-bed[10] hospital's total patient days will be provided to Medicaid/Medicaid HMO or patients qualifying for charity care.

3. Limit the amount of reimbursement it receives from the Medicaid program for services it provides to Medicaid recipients. Nemours agrees to accept Medicaid (non-HMO) reimbursement for patients based on the average of the two existing Class II children's hospitals in Florida - All Children's Hospital and Miami Children's Hospital. It is noted that if approved, the applicant would be building a new facility and therefore entitled to a higher Medicaid reimbursement rate than that of All Children's and Miami Children's. The applicant notes that: "Essentially this means that Nemours, as a specialized children's hospital is willing to accept substantially less reimbursement than it would otherwise be entitled to under the existing Medicaid reimbursement guidelines as contained in the current *Florida Title XIX Inpatient Hospital Reimbursement Plan*, Version XXIX with an effective date of July 1, 2005."

4. Nemours will subsidize any shortfalls in revenues over expenses incurred at Nemours Orlando Children's Hospital.

5. At least 50 full-time equivalent sub-specialist physicians will be added on the campus of Nemours' Orlando Children's Hospital within five years of opening.

[10] Because the applicant has clearly stated on Schedule C that it intends "this application" to be condition as listed, the applicant is noting that it will provide 54 percent of its patient days to the medically indigent in the 82-bed facility.

6. Provide a clinical program to transport patients in need of specialized services from other hospitals and emergency rooms in Florida to Nemours Orlando Children's Hospital.

7. Fund seven different sub-specialty fellowship positions through the appropriate processes with graduate medical educational organizations.

8. Provide a minimum of three million dollars annually to clinical outcomes/clinical research.

9. Create dedicated space on the campus for research integrated with the hospital. Clinical research will be based near the point of care, across the continuum. Nemours physicians will participate in leading research programs as a result of approval of the Nemours Orlando Children's Hospital.

10. Create an advisory board with child advocacy organizations in Florida to identify patient populations for whom special programs and facilities will be offered. This advisory board will be convened no later than the first year of operation of Nemours Orlando Hospital.

CON Action Number: 9979

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

_____
Elizabeth Dudek
Deputy Secretary, Division of Health Quality Assurance