

PROJECT DESCRIPTION

AHCA Form 3150-0002 Schedule B (H) Rev March-09 Section 59C-1.008(1)(f), Florida Administrative Code

Lee Memorial Health System Establish a New Hospital in Lee County Project Summary

EXECUTIVE SUMMARY

Lee Memorial Health System d/b/a Lee Health submits this application consistent with its letter of intent, H1802008. This application seeks approval to establish a new acute care hospital as Phase Two of the Lee Health Coconut Point (LHCP) development. The Phase Two bed tower will include 82 acute care beds – 70 adult medical/surgical beds and 12 critical care beds. In addition, the bed tower will add a 20-bed observation unit to complement the ambulatory/outpatient services in Phase One. When complete, the Phase Two bed tower will connect directly to the Phase One structure currently under construction which includes a 15-room Emergency Department (opening as a freestanding emergency department later this year), same day surgery center, nine-unit cardiac decision unit, Healthy Life Center, outpatient, and ancillary services, as well as medical office space. Lee Health Coconut Point is located in Acute Care Sub district 8-5, Lee County, near the southeast corner of US Highway 41 (Tamiami Trail) and Coconut Road, at 23450 Via Coconut Point, Estero, Florida, 34135.

Lee Health, a non-tax supported public special health care district mandated to provide health care services to all who seek such services, absorbed the majority of acute care services in Lee County when Hospital Corporation of America (HCA) abandoned the market in 2006. Lehigh Regional Medical Center, operated by Prime Healthcare, is the only other acute care provider in Lee County. Consistent with its statutory mission, the publicly-elected Lee Health Board has consistently provided health care resources to the south Lee County community. Planning for the Lee Health Coconut Point development began 14 years ago and has continually progressed to this project which is the subject of the CON application – the transfer of 82 acute care beds from Lee Health for the Phase Two bed tower to complete the Coconut Point development.

The Phase Two bed tower is an integral component of the Coconut Point development meeting current and future acute inpatient needs of the service area. LHCP will work hand-in-hand with the full complement of services offered by Lee Health to continue the mission of empowering healthier lives and further expanding the commitment to establish a truly integrated health care delivery network by means of its Coordinated Care Model.

The abrupt departure of HCA in 2006 left a vacuum that Lee Health has successfully absorbed over the last decade. While jettisoning its Fort Myers hospitals may have made financial sense for HCA, the marketplace was disrupted. Out of this disorder, Lee Health has designed both an acute and ambulatory care network that now serves as the foundation for one of the most unique integrated delivery systems in the country.

The Coconut Point development is a crucial component of this coordinated care model with Lee Health proactive strategies to move from “volume to value” – from episodic care to value based, outcome-focused population health initiatives. The subject of this CON application is not just the Phase Two Coconut Point bed tower, but rather an essential cog in the redesign of the community health care delivery system as detailed in this application. The unique market situation in the community, afforded by HCA’s abandonment, has permitted Lee Health to pursue this health care redesign initiative. The LHCP project is being designed to enhance the continuum of care for seniors with a particular emphasis on managing chronic care diseases – holding the greatest potential to begin to bend the curve in the escalation of health care expenditures.

Without tax payer support, the Lee Health Board has, in the last fifteen (15) years, successfully –

- Established the Lee County Trauma Service District to support Lee Health’s long-standing Level II Trauma Center, the only such center serving Charlotte, Lee, Collier, Hendry, and Glades communities since 1994;
- Absorbed both HCA facilities, the poorly maintained and now demolished Southwest Florida Regional Medical Center and the former Gulf Coast Hospital;
- Modified HCA’s minimalist plans for relocating Southwest Florida Regional Medical Center beds and developed the 356-bed Gulf Coast Medical Center;
- Navigated through the Great Recession while maintaining a solid financial position despite ongoing capital projects necessary to meet the health care needs of the community;
- Initiated planning and construction of the Golisano Children’s Hospital of Southwest Florida, the region’s only designated children’s hospital;
- Committed to the rational allocation of clinical services among the campuses, an essential component of the Coordinated Care Model; and
- Launched a Graduate Medical Education program with Florida State University (FSU) to address primary care physician supply in the region.

NEED FOR THIS PROJECT IS SUPPORTED BY THE FOLLOWING FACTORS

1. There is a growing need for health care services in Subdistrict 8-5, in particular south Lee County, where the elderly represent the majority of adult service area residents.
 - a. The proposed service area (PSA/SSA) for the new facility is growing faster and aging more quickly than the county (Subdistrict 8-5). By 2023, the primary service area will represent 42% of the senior population of Lee County.
 - b. The growing senior population represents increased demand for health care services, requiring improved access to acute inpatient beds for seniors.
 - c. Given distance and travel time to existing hospitals in Lee and Collier counties, and

- d. the challenges faced by senior drivers, there is a need for this project to improve access to inpatient care for service area residents, especially those 65 years of age and older.

2. Promote Coordinated Continuity of Care
3. Continue Lee Health volume to value initiatives
 - a. Chronic Care Management
 - b. Medicare Next Generation ACO
 - c. Pending Medicaid Managed Care PSN
4. Protect essential safety-net provider role
 - a. Adverse impact of HCA approval (co-batched applicant)
 - b. Disruption to Lee Health Coordinated Care initiatives
5. Recognize cost-effective alternative
 - a. Competitive charge structure compared to HCA
 - b. Project cost savings (building onto Phase One at LHCP)

The need for the proposed new Lee Health Coconut Point 82-bed acute care hospital is discussed in detail in Tab 5 (Need Analysis) in response to the Statutory Review Criteria.

The need for the proposed new hospital project is summarized below.

The proposed project involves the transfer of beds from Lee Health for Phase Two of the Coconut Point development. Phase Two consists of an 82-bed acute care bed tower to meet the needs of south Lee County. The Coconut Point campus is located near the southeast corner of US Highway 41 (Tamiami Trail) and Coconut Road at 23450 Via Coconut Point, Estero, Florida. 34135. Phase Two is a continuation of the Lee Health Coconut Point development.

Phase One, currently under construction and scheduled to open later this year, consists of ambulatory and ancillary services planned to support the Phase Two bed tower, as well as medical office space. Phase One includes emergency medical services (initially opening as a freestanding ED), clinical decision unit, surgical services, and professional ancillary and support services constructed to hospital building code standards.

Medical Center of Southwest Florida, LLC (an HCA affiliate) is a co-batched applicant in this CON batching cycle. As shown in Figure 4-1 below, HCA's charges are considerably higher than they are for Lee Health. Based on charges for adult, non-tertiary discharges for Fawcett Memorial Hospital, Doctor's Hospital of Sarasota, and Englewood Community Hospital (HCA's District 8 hospitals), **Lee Health's charges are nearly half of HCA's**. Approval of the application submitted by Medical Center of Southwest Florida, LLC will likely result in charges which are **twice as high** as charges generally seen in the market.

Source: AHCA inpatient database and Legacy Consulting Group analysis.

Figure 4 - 1

Average Charge per Case for Adult, Non-Tertiary Med/Surg Discharges, FY17



The proposed development by Lee Health will provide enhanced access to care for the entire service area, especially seniors, with its convenient location adjacent to US Highway 41/Tamiami Trail and within close proximity to the I-75 corridor.

Lee Health proposes as a condition of this application to delicense 82 acute care beds and transfer them to the new LHCP hospital. In addition, Lee Health commits that it will not request additional acute care beds for 24 months following the opening of the new facility.

Total current (2018) service area population is estimated to be 338,936 and is expected to grow to 369,832 by 2023, a growth of 9.1% during the five-year period. Today, 36% of the service area population is at least 65 years of age. By 2023, the senior market is expected to account for 39% of the service area. By contrast, only 20% of the state's population is at least 65 years of age. The corresponding figure for Lee County is 29%. It is expected that the service area will continue to trend upward with respect to the senior market.

Baseline discharge data for the 12 months ending June 2017 show that residents of the proposed service area generated 23,471 adult, non-tertiary discharges during that period.

Adult non-tertiary med/surg discharges are expected to grow to 25,202 by 2023.

The proposed new hospital is expected to treat 5,279 service area adult, non-tertiary, med/surg patients in 2023, the assumed planning horizon for the new hospital. The rationale for service area demand projections are presented in detail in Tab 5 – Need Analysis.

Converting this projected discharge volume into bed need shows a need for 80-82 med/surg beds based on an average length of stay of 4.2 days and 75% occupancy. The 82 acute care beds proposed for this project is a reasonable and conservative initial development plan.

CONTINUED COMMITMENT TO COMMUNITY SERVICES

The Lee Health Coconut Point campus is located immediately adjacent to the Bonita Community Health Center (BCHC). BCHC is a partnership with Lee Health and Naples-based NCH Healthcare System in which each party absorbs one-half of operating losses. Lee Health recognizes BCHC as a critical link in the affordable provision of urgent care, ambulatory and surgical services to residents of southern Lee and northern Collier counties. Lee Health will continue its support of BCHC. The completion of the Coconut Point Phase One development later this year and ultimately the Phase Two bed tower will enhance the draw of BCHC as additional medical/surgical programs are brought to the area. Thus, BCHC patients will find specialty and sub-specialty coverage more accessible.

LEE HEALTH COCONUT POINT- PHASE ONE: NEW OUTPATIENT CAMPUS

The LHCP campus in Estero, Florida, located at the heart of one of the fastest growing areas in Florida, offers comprehensive health and wellness programs in a single location to improve access to much needed clinical and care management services for area residents, especially senior citizens. With easy access off major roadways and arteries in Estero, and a location near residential neighborhoods, regional shopping and recreational resources, this campus is planned and organized to meet the demands and needs of residents and families year-round.

Community support for the new facility is strong. In April 2016, Lee Health held a series of four meetings with residents of the four residential communities immediately adjacent to the LHCP campus. These meetings were well-attended and lasted approximately two hours.

Lee Health explained its plans for the LHCP development and sought feedback from attendees. In addition, Lee Health holds routine meetings with residents of the service area to update attendees on its plans and to seek feedback on specific needs of residents. These meetings are generally attended by 40 or more people. Since 2014, Lee Health has held routine meetings in concert with the Estero Council of Community Leaders (ECCL) to discuss development plans and hold question and answer sessions.

The ECCL is a network of approximately 32 residential communities that work together to address challenges and opportunities facing the community. These meetings typically are attended by 60 or more people. The point is this – **Lee Health is actively engaged in developing a unique health care experience for residents of the service area and its senior citizens.** The proposed new hospital at LHCP is an integral part of its continuing plans to provide for their needs and to promote good health and healthy lifestyles.

To meet the needs of neighboring communities, the campus includes outdoor walking and biking trails that connect to the larger network of trails in the area, and amenity areas for enjoying the outdoor campus. The overall design of the campus and the buildings is sensitive to the Estero design aesthetic and urban master plan guidelines.

The resulting program for senior services includes a broad array of clinical diagnostic and treatment programs in a combined clinical and retail setting. The Lee Health Coconut Point campus is designed to become a destination of distinction by offering patient-centric, integrated, and coordinated care delivery, enabled by technology and self-help devices for care management to promote healthy aging.

LEE SENIOR CENTER FOR HEALTH, WELLNESS, AND INTEGRATIVE MEDICINE FOR OLDER ADULTS AT LEE HEALTH COCONUT POINT

Significant growth in the senior population in the proposed service area is accelerating the demand for multi-specialty care, including chronic care management, rehabilitation services, and interventional services.

To support the needs of the expanding senior population, a **Center on Aging and Health** will be offered as a comprehensive senior care program for south Lee County. Services to be included in the Center on Aging and Health, as described in detail in Tab 5, Need Analysis, are identified below:

- Geriatric Medicine including:**
 - Family Medicine;
 - House Calls; and
 - Memory Disorders/Memory Care.

- Senior Care Choices** – hospital-based aging life care management program providing nationally certified Aging Life Care Professionals.

- “Senior Friendly” Emergency Department** – including additional screening utilizing the “Identification of Seniors-at-Risk Tool.”

- Specialty Peri-Operative Medicine Services.**

- Inpatient Geriatric Rehab Support.**

- **Acute Care of Elders (PACE) Team** – Program for All-inclusive Care for Elderly.
- **Coordination with Home-Based Medicine & Ongoing Elder Plus/PACE Services**
in collaboration with Hope Hospice.
- **Health Information Technical Assistance to Aid Seniors.**
- **Complex Care Center providing:**
 - Medical care management;
 - Alternative patient care pathways; and
 - Multidisciplinary transitional care assistance.
 - **Cognitive Health Center** – dual diagnosis, dementia and behavioral health in seniors.

LEE MEMORIAL HEALTH SYSTEM'S BOLD INITIATIVE: MOVING TO AN INTEGRATED DELIVERY SYSTEM

Given the unique dynamics afforded by HCA's abandonment of the market in 2006, Lee Health has initiated bold moves to develop an integrated delivery system model moving from "Volume to Value" including "at-risk" contracts with the goal of improving population health.

Details of two important initiatives built on Lee Health's Coordinated Care Model are included in Tab 6 (Competition) –

- Medicare Next Generation ACO – Best Care Collaborative
- Medicaid PSN – Best Care Assurance