

Long Term Acute Care Hospitals

Successful Planning for Long Term Acute Care Hospitals Owned by Select Medical Corporation

Published: September 2006

Situation

NHA has been working with Select Medical Corporation since mid 2003 in an effort to obtain Certificate of Need approval in the State of Florida for new freestanding long term acute care hospitals. Prior to retention of NHA, Select efforts in this regard had been unsuccessful.

Solutions

NHA was retained to work with Select and develop the necessary strategy to present new hospital projects as well as develop information to support previously requested hospital projects to result in either approvals or negotiated settlements.

The first project utilized information developed by NHA in a settlement conference to receive approval on a pending, denied certificate of need application without proceeding to litigation. As this was a hospital in hospital, after its approval and the August 2004 change in CMS regulations for these types of operations, NHA then prepared the necessary documentation to receive a modification to the approval to allow for a freestanding hospital to be built in Orlando, Florida. This hospital is under construction.

On a second "non-NHA" work product, NHA served as the expert witness against the opposition in an effort to obtain approval for Select based on developed data, additional analyses and presentation of operational, programmatic and financial issues on behalf of Select. Based on the testimony, the court approved this freestanding 60-bed LTAC in April 2005.

NHA was also retained to prepare seven project CON applications, including preparation of the detailed data analysis and assessment to support the projects' need, presentation of the information in the required format, serve as expert in health planning, operations and healthcare finance and represent the client before the State's regulatory body. Two of these applications have received certificate of need approval and are under construction; one has been aborted due to the new CMS guidelines relative to hospital in hospital projects; and, four are pending final judgment.

Based on Select's 2005 acquisition of SemperCare, NHA also prepared the necessary financial documentation to justify a modification to a proposed project to allow for the construction in Tallahassee, Florida of a 30-bed freestanding LTAC rather than a hospital in hospital which would not be financially feasible. This modification has also been approved, a new CON issued and the hospital is under construction.

Solution Overview

Customer Profile

Select Medical Corporation is the largest owner and operator of long term acute care hospitals nationally, with 96 facilities in 26 states. Until February 2005, Select was publicly traded on the NYSE under the symbol SMC. It has since been privatized.

Business Situation

Community identification, hospital sizing, health planning and feasibility analyses needed to support the regulatory process and affect its outcome.

Solution

NHA conducted detailed community needs assessments, developed the necessary data and conclusions, drafted the appropriate documentation and served as expert witness on behalf of the proposed hospitals. NHA also supports Select in initiatives to alter projects to meet the ever changing government regulations, including obtaining approval to convert two hospital in hospital LTACs to freestanding LTACs.

Benefits

- Improved presentation to the State
- Information with supporting rationale and conclusions
- Approval of freestanding hospitals in Gainesville, Orlando, Tallahassee, Palm Beach and Fort Myers
- Likelihood of more approvals of four pending projects

NHA continues to work with Select on an ongoing basis in the evaluation, planning and development of new long term acute care hospitals.

For More Information

For more information about NHA services, call our offices at (305) 444-5007. To access information using the World Wide Web, go to: <http://www.nhaconsulting.com/>

© 2006 National Healthcare Associates, Inc.. All rights reserved.

This case study is for informational purposes only. NHA MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS SUMMARY.

NHA and National Healthcare Associates are either registered trademarks or trademarks of National Healthcare Associates, Inc. in the United States and/or other countries. The names of actual companies and products mentioned herein may be the trademarks of their respective owners.

